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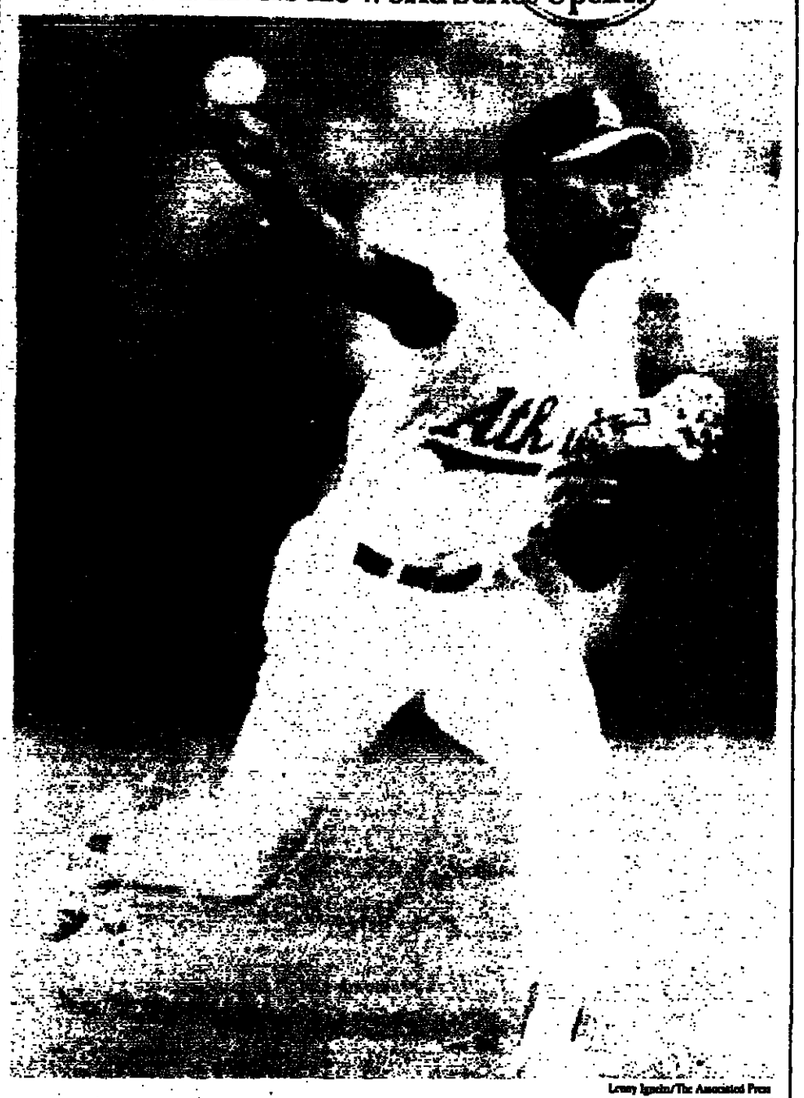
MONDAY SPORTS

NFL RESULTS

Page 15

A's Pitcher Delivers the World Series Opener



Lenny Ignelzi/The Associated Press

Dave Stewart pitched his first shutout of the season Saturday night as the Oakland Athletics, who scored three times in the second inning, defeated the San Francisco Giants, 5-0, in Game 1. Page 14.

Dollar's Fall Eases Pressure on Rates

But Disarray Within G-7 Hampers Response to Abrupt Market Moves

By Carl Gewirtz
International Herald Tribune

PARIS — If the dramatic stock price slide of last week is limited to America — and many analysts see no automatic reason why it should spread — Friday's 6.9 percent plunge in the Dow Jones industrial average and the 2 percent drop in the value of the dollar could help *relieve a range of tensions that have* been building in financial markets around the world.

Those who see Friday's fall as a purely domestic event call it a debt-inspired crisis linked to the market for junk bonds, the high-yielding

NEWS ANALYSIS

but highly risky debt that can be serviced only if business conditions remain robust. High U.S. interest rates and fears that these will trigger a recession, wiping out overextended debtors, are damaging that sector and spilling over to *markets for all securities.*

Investors should be encouraged by a weekend promise by the Federal Reserve Board to supply liquidity to calm the stock market. Coupled with Friday's decline in the cost of overnight interbank loans — to 8.625 percent from 8.813 percent — *fears of a domestic* credit crunch should abate, lifting the depression in the junk bond market.

As stock prices fell Friday, money first rushed into U.S. government bonds, which are considered the least risky possible investment. The inflow was such that yields tumbled. One-month Treasury bill rates fell half a percentage point, to 7.2 percent, while 30-year Treasury bond yields declined about 0.375 percentage point to 7.63 percent.

Such low returns looked unattractive and investors started to move out of the dollar.

The dollar's decline will also be good news for the central banks of the Group of Seven nations, which have spent tens of billions of dollars since mid-September trying to push the currency below 1.90 Deutsche marks and 145 yen, as well as for investors in the world's major *stock markets.*

That is because the sliding dollar should help ease interest rate pressures everywhere. Central banks in Europe and Japan are not likely to reverse their recent increases in official bank rates, but money market rates are likely to ease and investors in Japan can stop worrying about another increase — developments which normally would buoy stock prices.

But as in October 1987, when a plunge in the Dow industrials set off a worldwide stock collapse, disarray is apparent within the Group of Seven industrial nations. There *is again an official emphasis on* stabilizing foreign exchange rates and the same inadequate coordination of policies to establish conditions for more balanced economic growth and currency stability without intervention or other crutches.

While there is no contesting the junk-bond problem and its side effects, some analysts see a striking similarity to 1987, when financial markets appeared to speak with one voice telling officials to get their act together.

"Objectives are not well agreed among the G-7 countries, nor within national capitals," said Rimmer de Vries, chief economist at J.P. Morgan & Co. in New York. "Harmony will not return until the G-7 put complacency aside and rediscover the merits of coordination

See PLUNGE, Page 11

Central Bankers Seek To Limit Shock Wave Of U.S. Stock Plunge

Compiled by Our Staff From Dispatches

WASHINGTON — Central banks from the Group of Seven industrial nations were considering Sunday ways to limit the fallout from Friday's stock market plunge on Wall Street, after a pledge from the U.S. Federal Reserve Board to supply markets with additional liquidity if needed.

A Fed official said on Saturday that the U.S. central bank would supply enough funds to U.S. financial markets to ensure that banks and securities houses had sufficient credit to conduct business normally.

Authorities overseas were asked to take similar steps to try to avert cash problems that could have a spillover effect on markets.

The possible need to ease credit conditions in response to Friday's 190.58-point plunge of the Dow Jones industrial average, to 2,569.26, poses a severe dilemma for Group of Seven central banks, which have pledged to fight inflation through higher interest rates. Central banks in Western Europe raised rates on Oct. 5, while Japan did so on Oct. 11, in an effort to slow their economies.

The Fed's decision to make money freely available when the markets open Monday is aimed at preventing a repeat of the situation in October 1987.

On the Friday before its 508-point plunge on Monday, Oct. 19, 1987, the Dow Jones industrial average dropped 108 points.

France rejected a West German call for a weaker franc. Page 9.

"Markets will be able to count on us to make sure the financial system stays liquid," said the Fed official, who asked not to be identified.

"To calm the markets, it's important that institutions know there are adequate funds available," the official added. "Once the markets realize that there will be no credit crunch, we can resume normal business."

Members of the Group of Seven, which comprises the United States, Japan, West Germany, Britain, France, Italy and Canada, sought over the weekend to anticipate market nervousness by publicly urging investors to remain calm.

"One must not panic but keep a cool head," the French finance minister, Pierre Bérégovoy, said in a newspaper interview on Sunday. "This calls for very close cooperation among economic and monetary officials."

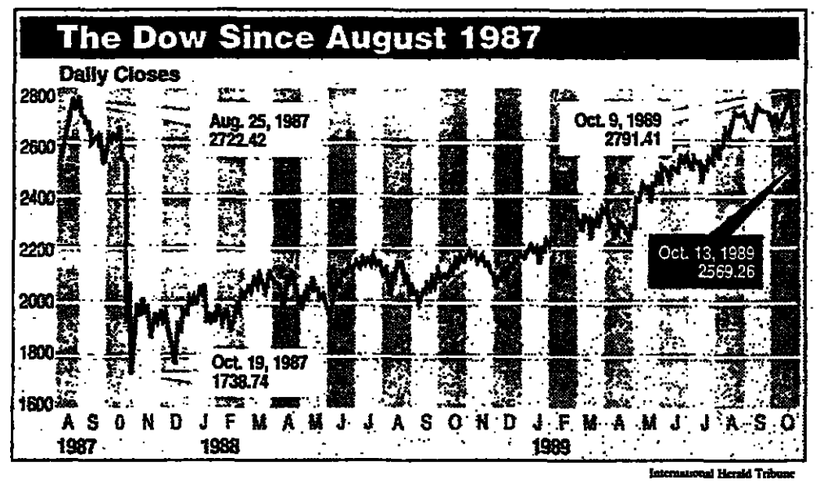
In Tokyo, a Bank of Japan official played down the possibility of a repeat of the October 1987 collapse.

"On Black Monday two years ago all the stocks fell sharply, but this time it was only limited to merger-and-acquisition-related moves in the United States," the official said, according to Japanese press reports. "So we believe the possibility of it affecting Tokyo stock prices may be small."

In London, the Bank of England also sought to reassure investors.

"The Bank of England sees no

See FED, Page 11



International Herald Tribune

Kiosk

Panama Shifts Military Posts

PANAMA CITY (AP) — The government announced a shake-up of six key posts in the military on Sunday, 12 days after the failed military coup against General Manuel *Antonio Noriega.*

The announcement said that Major Rafael Cedeño had been named state security chief. Major Cedeño, who has worked as an assistant to General Noriega, replaced Colonel Guillermo Wong, who was detained as a participant in the Oct. 3 uprising.

Hurricane Off Texas

The Associated Press

A hurricane, combined with the highest tides of the year, was threatening Sunday to swamp the Texas and Louisiana coasts with eight feet or more of water. Thousands of residents were ordered to head for high ground.

MONDAY Q&A

AP

Sir Shridath Ramphal sees South Africa as "a substantial issue" at the Commonwealth meeting. Page 2.

General News

In Khrushchev's fall, a possible lesson for Gorbachev. Page 5.

The IRS is using passport data to track tax evaders. Page 2.

U.S. agencies are using satellites to spy on South American drug traffickers. Page 3.

Nancy Reagan takes her turn in writing memoirs. Page 2.

Business / Finance

Sony and Warner exchanged suits in connection with the Japanese firm's plan to buy Columbia Pictures. Page 9.

Weather Page 2.
Crossword Page 6.

Freed ANC Leaders Ask for Restraint

By William Claiborne
Washington Post Service

JOHANNESBURG, — Walter Sisulu and other top black nationalists leaders were released from prison on Sunday, and they urged blacks to exercise restraint and discipline in their protests against apartheid.

Mr. Sisulu and six other members of the outlawed African National Congress, *most of whom* served more than 25 years in prison before their releases, pleaded with blacks to conduct their protests against apartheid in a way that will not jeopardize the release of Nelson Mandela, the African National Congress leader sentenced with them in 1964.

Standing before a huge ANC banner in a Roman Catholic church across the street from his home in the township of Soweto, near Johannesburg, Mr. Sisulu, 77, praised 1,000 cheering blacks for the peaceful protest marches they have conducted in the last month, *and he urged them to continue to* avoid confrontation with the police.

In a conciliatory statement, Mr. Sisulu responded to a question about when South Africa would see a black president by saying: "We are seeking a democratic method whereby a black man can be president and a white man can be president. There is no question of assessing the position on the basis of color."

Numerous regulations under the state of emergency that prohibit promoting the cause of the African National Congress were flaunted during the meeting, but the police, who normally break up such demonstrations, were nowhere near the packed Holy Cross Church.

The meeting began as a news conference, but evolved into a tumultuous political rally as enthusiastic blacks jammed into the church and chanted anti-government *slogans and sang freedom* songs, including hymns to the military wing of the African National Congress, the Spear of the Nation, despite efforts by rally organizers to prevent such emotive expressions of militancy.

Wintron Mkwayi, 66, who briefly took over as commander of the Spear of the Nation in 1963 before he was jailed and after Mr. Mandela and the other leaders were charged with sabotage, told the rally that he was worried because many young militants "think the *struggle or the ANC started in 1956* or 1957."

"The ANC was there in 1912," he said. "The struggle was not started yesterday. Therefore we have to be absolutely disciplined. Therefore our organization will live. We must be disciplined. We don't want Mandela here next year, next month, or next week. We want him here tomorrow."

Mr. Mkwayi's speech was drowned out in cheers at this point.

Most of the released leaders, whose ages range from 60 to 80, *made it implicitly obvious that Mr.* Mandela, who negotiated their release with white cabinet ministers, had instructed them to maintain discipline on the outside so that his process of talking while still incarcerated *can continue.*

Andrew Mlangeni, 63, a founding member of the Spear of the Nation, admonished the mostly young audience: "Please continue in a peaceful manner and above all in a disciplined way. We want to see out comrades released. We know Nelson Mandela is still in prison."

Mr. Mandela, who is living in a spacious bungalow in Victor Verster Prison near Cape Town, is expected to be released within several months.

Sources close to the organization have said that as long as Mr. Mandela remains in prison, he can continue negotiating secretly with the white ministers to ensure that by the time he is released the African National Congress will be legalized and the government will be ready to negotiate with it.

In the news conference phase of the meeting on Sunday night, Mr. Sisulu, who was general secretary of the African National Congress before he was imprisoned, said he regarded it as the first news conference held by the organization within South Africa since it was outlawed nearly 30 years ago.

Although saying that he was not yet prepared to officially pronounce the African National Congress "unbanned" without first consulting other leaders, Mr. Sisulu indicated that he and the other leaders would appear at more rallies across the country and "continue the pressure for freedom in every possible way and *in an orderly* and visible manner."

Mr. Sisulu said conditions for negotiations with the government remained the same: a formal legalization of the ANC and other restricted political groups; an end to the state of emergency and restrictions placed against individuals; repeal of apartheid laws; the return

See ANC, Page 2

UPI Michell/Reuters

Walter Sisulu, newly released, outside his Soweto home Sunday.

New UAL Bid Is Likely Soon

With Lenders Jittery, Less Cash to Be Sought for Buyout

By Keith Bradsher
New York Times Service

NEW YORK — Wall Street traders said Saturday that they expected a revised buyout bid for UAL Corp., parent of United Airlines, to be assembled quickly.

But they predicted that the buyout group, which includes the company's pilots union and management, might reduce the value of the bid by substituting securities for part of the cash.

[A spokesman for Airline Acquisition Corp., the company for the bidding group, said Sunday that it is determined to salvage the bid but that it is not certain when a new proposal will be unveiled, Reuters reported from Chicago.]

["We're still going to complete the deal, regardless of the timetable — and the markets may dictate that timetable," the spokesman said.]

On Friday, the buyout group said that major banks had balked at financing their $6.75 billion cash takeover bid.

The group's announcement that it would revise its buyout proposal *was followed by a sharp drop in* airline stocks and then by the stock market as a whole, with the Dow Jones industrial average dropping 190.58 points.

On Saturday, banking executives and major holders of UAL stock said that the banks had found the fees and interest rates on the deal inadequate.

Four Japanese banks were the first on Friday to indicate that they would not lend as much as the lead banks, Citibank and Chase Manhattan Bank, had hoped, said an American banker who asked not to be identified.

A series of U.S. banks followed suit, forcing the lead banks to tell the takeover group, which included British Airways PLC, that they had not been able to raise the money.

[On Sunday, a British Airways spokesman said the company's chief executive, Sir Colin Marshall, would hold a news conference on Monday *during a routine visit to Tokyo,* Reuters reported from London.

[The spokesman said BA could not expand on its Friday statement that it was confident financing would be arranged.

[Sir Colin is to meet 250 people in Tokyo, a visit scheduled annually for the British airline to meet its Japanese shareholders and regular Japanese contacts, the BA spokesman said.

[He said he did not know if Sir Colin would hold talks related to financing the UAL bid.]

The president of one large arbitrage firm, who requested anonymity, said that Citibank and Chase Manhattan came up $2 billion

See UAL, Page 11

'Fore!' Now Heard in Russia

By Bill Keller
New York Times Service

MOSCOW — They came from another world, pioneers armed with silvery sticks, and on a greensward at the foot of the Lenin Hills on Sunday they performed a ritual as alien as the pointy-headed spacelings reportedly sighted last week in the Russian provinces.

They played golf.

On nine fairways snuggled ingeniously amid the high-rise tenements and hastily carpeted with squares of imported sod, they introduced the sport of Scottish kings, American presidents and country-club capitalists.

The Swedish-built golf course, the first in the Soviet Union, is being marketed to Western companies — $20,000 per membership, plus a $2,000 annual fee — as the place to entertain Soviet bigshots, a few of whom are unauthoritatively rumored to be thinking of possibly taking up the game.

"We will aim at the top decision-makers in business and politics," said John E. Oldbro, vice president of the Swedish general contractor, waving a hand at the as-yet unbuilt clubhouse, restaurant and business center. "This will be the place where you meet your Russian counterparts to make deals."

The Russian counterparts will pay in rubles, which means that unlike many of the amenities recently installed in Moscow for Western traffic — unlike the swank supermarkets, the new hotels and the casino — the golf club may actually have Soviet patrons.

A handful of organizations have been signed up as members free of charge, including the Moscow Trade Union Council, the city

See LINKS, Page 6

In the New Canada, Turbaned Mountie

By John F. Burns
New York Times Service

TORONTO — Along with the moose and the maple leaf, the scarlet-jacketed Mountie in his light-brown ranger hat has been a *Canadian totem.*

Now, guardians of the country's traditions are being asked to accept a new image: the Mountie in a turban.

Under pressure to recruit new officers from among Canada's fast-growing Sikh population, the Royal Canadian Mounted Police announced this year that its Sikh members would be allowed to wear turbans in place of the ranger hats that have been worn with dress uniforms since the 1870s.

The Sikhs would also be allowed to keep their beards, and to carry four-inch ceremonial daggers.

The ruling has been met with an outburst of protest, and the government, which must endorse the decision for it to take effect, has delayed its' confirmation.

Its wariness reflects the symbolic power of the issue in a country that remains uneasily balanced between its 19th-century traditions and the more diverse influences that have swept in with a tide of non-European immigrants in the past two decades.

Last week a member of Parliament for Calgary, the Alberta city that had its beginnings in a Mounties' fort, offered a petition in the House of Commons in Ottawa demanding that the ranger hat be maintained as a mandatory part of the dress uniform.

Signatures attached to the document brought the number who have signed parliamentary petitions on the issue to more than 90,000, one of the largest groups ever to sign such a petition.

The campaign has caused anger among Canadian Sikhs, who were few in number until a change in immigration policy 20 years ago made Asians the fastest-growing population group in the country.

Now, Sikh leaders estimate that there are at least 250,000 Sikhs in Canada, most in Toronto and Vancouver, and they have maintained that requiring Sikh Mounties to remove their turbans for ceremonial occasions is against statutory and constitutional guarantees against discrimination.

The officer who heads the Mounties, Commissioner Norman Inkster, approved the wearing of turbans as part of a broader policy of *making the predominantly* white police force more representative.

In the past decade, the Mounties have frequently been mired in controversy, in part because of accusations of insensitivity to racial minorities, and Mr. Inkster told the Commons' Justice Committee that turbans would be a valuable symbol of the new policy.

Caution: Bush Team at Work

By David Hoffman
Washington Post Service

WASHINGTON — On the morning of the failed coup attempt in Panama, President George Bush greeted the president of Mexico, Carlos Salinas de Gortari, with all pomp and ceremony on the south lawn of the White House. Mr. Bush and his top advisers "were all out there for 20 minutes at coup time," a White House official said.

Although they had received contradictory reports about events in Panama, no one suggested that Mr. Bush change his schedule. Mr. Bush handled the Panama situation in a characteristic way — informally, with only a small circle of trusted senior advisers, sometimes just talking with them by telephone.

"For 10 months they've had this collegial, informal atmosphere," said an administration official who has worked closely with Mr. Bush, Secretary of State James A. Baker 3d, Defense Secretary Dick Cheney and the national security adviser, Brent Scowcroft.

"They just continued as they had," the official said. "They took in the facts as they needed them. They shut out the bureaucracy. The flow of information should have been more organized. There should have been a central collection point. There was never a point where someone said, 'Let's call a meeting.'"

A new buzzword in Washington, "timidity," is being applied to President George Bush. Page 3.

The coup attempt turned out to be the first major challenge in this informal approach to decision-making. The episode sheds light on how Mr. Bush has been making national security determinations — a method, based on longstanding *personal relationships and* a penchant for secrecy, that ran into trouble during and after the Panama crisis.

The Panama revolt spawned sharp criticism from Congress that Mr. Bush had failed the plotters against General Manuel Antonio Noriega and had failed to live up to his rhetoric calling for insurrection. But according to insiders, Mr. Bush and his advisers were interested first in avoiding a serious blunder.

While the coup attempt was go-

See BUSH, Page 6

Commonwealth Leaders Likely to Keep Pressure on Pretoria

Heads of government from the Commonwealth countries will begin a seven-day meeting in Malaysia on Wednesday. Linking Britain and 48 of its former colonies, the Commonwealth comprises a diverse array from Asia, Africa, the Pacific and the Caribbean. In Kuala Lumpur on Saturday, Sir Shridath Ramphal of Guyana, the Commonwealth's secretary-general, talked about the meeting with Michael Richardson of the International Herald Tribune.

Q. Will South Africa be the major issue?

A. It will be a substantial issue but I would not want to project it as the most dominant. It should be less contentious than on many previous occasions because there is a broad consensus among Commonwealth countries on what needs to be done in South Africa.

Q. President Frederik W. de Klerk seems to be in a conciliatory mood. Has the time come for the Commonwealth to recommend an easing of economic and athletic sanctions against South Africa?

A. No. I think the Commonwealth feels it should give encouragement but sustain pressure. Mr. de Klerk must show that concrete steps will be taken, such as

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releasing all political detainees, including Nelson Mandela, ending the state of emergency, removing the South African military from black townships and starting to dismantle apartheid legislation.

Q. The South African government said that Walter Sisulu and seven other black leaders would be freed from detention [Mr. Sisulu was freed Sunday]. Was that announcement intended to influence debate on South Africa at the Commonwealth meeting?

A. It was, and it is a compliment to the influence of the Commonwealth that South Africa should want to do this. It is also an indication of the importance the South African authorities attach to the reality of pressure from sanctions.

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Q. Has persistent opposition to sanctions by Margaret Thatcher, the British prime minister, eroded Britain's standing in the Commonwealth?

A. There is a real disagreement with Mrs. Thatcher. But the British government's strong opposition to sanctions has really had the effect of making it more activist than it has ever been against apartheid generally.

Q. Apart from South Africa, what are the other important issues for the Commonwealth leaders?

A. The state of the world economy, the debt burden on developing countries, including many in the Commonwealth, the environment and the terrible scourge of drug abuse and trafficking.

Q. Have the West and Japan become indifferent to the plight of poor nations?

A. I fear that is the direction in which we are going. Industrial states have not done nearly enough to ease the debt burden. They have seen it in terms of problems for Western banks and creditor countries. They have imposed the most stringent terms on debtor nations and, in the process, made growth virtually impossible. Most developing countries are worse off than they were 20 years ago.

Q. How many Commonwealth countries will be affected by global warming and rising sea levels?

A. A very large number, some more seriously than others, particularly in the South Pacific. The Maldive Islands could disappear altogether. Countries in the Caribbean could be inundated. Bangladesh, because much of it is on a low-lying delta, will face enormous problems of flooding from the sea as well as the mountains.

Q. How should costs of repairing environmental damage be apportioned between developed and developing countries?

A. The vast amount of damage has been caused by processes of wealth creation adopted by industrial nations over the last couple of hundred years. The result is that they are the only countries that possess the resources to respond to the crisis. It is not a question of morality or retribution. The resources are in the hands of those who destroyed the environment to create the wealth.

However, all countries have obligations to protect the environment from further damage. This is where a good deal of responsibility falls on developing countries. But the real damage to the environment in the Third World is generated by poverty. Assistance from the international community is needed to alleviate poverty. This is where the Commonwealth meeting can make an important contribution. For the first time, leaders of rich and poor countries are going to be talking face to face about these issues.

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Q. Shouldn't the Commonwealth be paying greater attention to economic mismanagement, human rights abuses and deviation from democratic standards by some of its member countries?

A. We do pay quite a lot of attention to these issues. But Commonwealth countries are not among the principal offenders. I have put forward to this meeting a very specific proposal aimed at permitting the Commonwealth, through the secretariat, to assist in the process of strengthening democracy. We should have a standing arrangement to observe elections in Commonwealth countries to insure that they are free and fair.

White House Budget Chief Backs Automatic $16 Billion Cut

The Associated Press

WASHINGTON — The White House budget director said Sunday *that it might be better if Congress* left in place $16 billion in automatic spending cuts set to take effect on Monday rather than restore the lost money, as in the past.

The across-the-board cut, formally known as sequestration, is automatic under the Gramm-Rudman-Hollings law. The 1985 law was designed to force the president and the Congress to reduce the federal deficit. This year, Congress *and the administration failed to* find a compromise in time to avoid the cut.

"I think it may be that sequester is the best available alternative," said Richard G. Darman, the director of the Office of Management and Budget.

The automatic budget cuts of the law took effect in 1986 and 1987, but Congress acted to restore the lost funds, a process that Mr. Darman called "phony."

■ Senate Approves a Plan

Susan F. Rasky of The New York Times reported earlier from Washington:

The Senate has approved a $14 billion plan to reduce the U.S. deficit, stripping from it measures like child-care assistance and Medicare changes and putting off a battle *over cutting the capital gains tax.*

The 87-to-7 vote on the deficit plan on Friday followed a compromise in which Democratic and Republican leaders agreed to limit the crucial budget legislation for fiscal 1990 to raising revenue and reducing spending, while scrapping costly tax breaks and program expansions that members of both parties had sought.

In addition to stripping plans to *amend the federal-state Medicare* program, which provides health insurance for elderly and disabled Americans, and child-care assistance measures, provisions that were discarded included improvements in benefits for low-income women and children, an increase in the earnings limit for Social Security recipients and tax credits for low-income housing.

The effort represented recognition in the Senate that there would be a political price to pay for both parties when $16 billion in automatic spending cuts took effect Monday. But even with the Senate plan, the deadline for spending cuts will be passed because the package must go to conference with the House.

Reuters-UPI

"As far as I know, George Bush never spoke to Ronnie about Don Regan," Nancy Reagan says in her memoirs, "My Turn."

Nancy Reagan's Look Back

By Donnie Radcliffe
Washington Post Service

WASHINGTON — George Bush, then vice president, added his voice to the chorus calling for the resignation of the then White House chief of staff, Donald T. Regan, in 1987, Nancy Reagan writes in her memoirs.

In her new book, "My Turn: The Memoirs of Nancy Reagan," which Newsweek is excerpting in its Oct. 23 issue, the former first lady describes how Mr. Bush refused to tell her husband that Mr. Regan should resign.

When Mr. Bush visited her in the residence, Mrs. Reagan wrote, "As he got off the elevator, he said, 'I didn't want to say this on the phone, but I think Don should resign.' "

" 'I agree with you,' I said, *'and I wish you'd tell my husband.* I can't be the only one who's saying this to him.' "

But according to Mrs. Reagan, Mr. Bush told her that it was not his "role."

"As far as I know, George Bush never spoke to Ronnie about Don Regan," she writes.

The book was bought by Random House for a reported $2 million and written with William Novak, who also was co-author of Lee Iacocca's memoirs. Mrs. Reagan's book is to be published later this month.

In the 13-page Newsweek excerpt, Mrs. Reagan writes that if "by some miracle I could take back one decision in Ronnie's presidency, it would be his agreement in January 1985, that Jim Baker and Donald Regan swap jobs." In 1985, Mr. Baker was the chief of staff and Mr. Regan was the treasury secretary.

Mrs. Reagan confirms that she first argued with Mr. Regan in July 1985, after Mr. Reagan's first cancer operation.

The Iran-contra scandal, which she described as "the presidency under siege," was the last straw. At one point, even former President Richard Nixon "called to say that if Ronnie wanted him to talk to Don Regan about resigning, he would."

"I'm not saying the Iran-contra was Don Regan's doing," Mrs. Reagan writes. "But it did occur on his watch, and when it came out, he should have taken responsibility."

Of Mr. Baker, now Mr. Bush's secretary of state, she writes: "He also cultivated the press assiduously — perhaps too much, because he leaked *constantly.*"

Mrs. Reagan also says that the then CIA director, William J. Casey, who had a brain tumor, "was deeply involved in the Iran-contra affair during a period when he wasn't thinking clearly."

She also says for the first time publicly that the attempt on Mr. Reagan's life made her question her attitude toward gun control.

"Ronnie's position didn't change; he just doesn't believe this is where the problem lies," she writes, adding, "After what I saw in that hospital, I'm not sure I agree with him."

And of her relationship with the Soviet leader's wife, Raisa Gorbachev, Mrs. Reagan said there were "some rough moments."

"We were thrust together with little in common, and with completely *different outlooks on the* world," she says.

IRS Sleuths Use Passport Applications

By Robert C. Siner
International Herald Tribune

WASHINGTON — Access to information from passport applications is giving the Internal Revenue Service a powerful new tool for tracking down the estimated 60 percent of Americans abroad who do not file U.S. income tax returns, a recent IRS study has found.

"Those who for years have been *outside the information-reporting* economy are now finding they are no longer hidden from the IRS," said Bryan L. Musselman, the author of the study.

The IRS plans to use the new data to step up overseas enforcement. The tax agency hopes to clear up most cases through correspondence, but there are plans to send agents overseas to deal with those *who refuse to comply.*

There has been little accurate information on Americans abroad. The IRS has been in the dark about who they are, where they are or even how many there are. Thus, it could not make a good guess at how many were not paying their taxes, let alone track them down.

Until 1986, the IRS was forbidden to get information from other *government agencies. But that* year, following a report by the Government Accounting Office that there was a widespread failure to file by Americans abroad, legislation was passed requiring the State Department to provide the tax agency with the name, address, date of birth and Social Security number of all passport applicants.

The IRS received the first installment of the data last year and began separating out applications and renewals that indicated residence abroad. About 73,000 overseas applications came in during the first year of operation.

Analysis of a random sample of the material indicates that it did, in fact, provide accurate data on overseas Americans not found in IRS files. The IRS is now matching all the passport data from overseas with its master file.

The nonfiling rate in the sample was 59.1 percent, about the same as that *found in the earlier General* Accounting Office study. The analysis, by Mr. Musselman, showed that the IRS master file had either inaccurate data or nothing at all on 70 percent of the nonfilers. The passport data can be used to fill in the blanks in all of these cases.

By the end of 1997, the expiration date of the last of the passports issued before the reporting requirement went into effect, the IRS should have application and renewal data on all holders of passports.

The agency will expand its education effort overseas, said Paul Witte, an IRS official. This may include mailings, since the IRS will now have addresses for nonfilers, and, eventually, a free tax-information number for Americans overseas.

Steven Kraft, a tax consultant based in Zurich, said the passport data would eventually turn up many overseas nonfilers.

He advised *Americans who have* not filed in several years to file as soon as possible, preferably for the most recent three to five years.

Mr. Kraft said nonfilers would get much better treatment from the IRS if they filed a return themselves rather than forcing the IRS to track them down.

Zaire Leader Tries to Revive Faltering Angola Peace Accord

Reuters

ROQUEBRUNE, France — President Mobutu Sese Seko of Zaire on Sunday began his most serious bid to revive a peace accord to end 14 years of civil war in Angola.

Mr. Mobutu was holding private talks in southern France with the leader of the rightist National Union for the Total Independence rebel group, or UNITA, and the U.S. assistant secretary of state for African affairs, Herman J. Cohen.

Mr. Cohen played a key role in talks in Washington earlier this *month when President George* Bush persuaded the rebel leader, Jonas Savimbi, to return to the conference table.

A Zairean spokesman described the talks in France as "very delicate," referring to the issue of what peace formula Mr. Savimbi would accept as a condition for agreeing to a cease-fire in the war between the Cuban-backed Angolan government and the UNITA rebels.

Despite an announcement after a June meeting in Gbadolite, Zaire, Mr. Savimbi has denied agreeing to go into exile and to merge his rebel force into the Angolan Army.

UNITA, which is backed by Pretoria and Washington, stepped up fighting after the June 22 cease-fire *announcement. But diplomatic* contacts have continued for a relaunch of the mediation effort, which is led by Mr. Mobutu.

ANC: *Plea for Restraint*

(Continued from page 1)

of political exiles, and the release of all political prisoners.

Raymond Mhlaba, 69, a leader of the African National Congress's civil disobedience campaign in eastern Cape Province the 1950s, prompted an outburst of cheering when he suggested that the organization's armed struggle might be continued.

"If the government doesn't meet our demands, we will have no alternative other than to fight for our freedom," Mr. Mhlaba said.

Oscar Mpetha, 80, a former provincial chairman of the organization who had a leg amputated in prison as a result of diabetes, said he would not encourage violence, but urged black youths to "carry on this struggle."

The other two African National Congress leaders who were released were Elias Motsoledi, 65, and Ahmed Kathrada, 60.

Jafta Masemola, 58, of the Pan Africanist Congress, was freed with them.

Earlier, talking with reporters in front of his house, Mr. Sisulu was asked whether he had been prepared to die in prison after 26 years. He replied: "I was quite ready for that. But on the whole, I knew that the pressure was building and sooner or later they would have to cave in."

600 Candidates in Jordan

The Associated Press

AMMAN — More than 600 candidates have registered for Jordan's first national general elections in 22 years, a vote that will help seal the kingdom's separation from the Israeli-occupied West Bank.

WORLD BRIEFS

Yeltsin Appears in Public After Lull

MOSCOW (AP) — Ten-thousand people gathered Sunday to hear Boris N. Yeltsin, the populist politician, who did not appear in public for two weeks after Soviet television showed a film of one of the speeches he gave in the United States in which he appeared to be drunk. Mr. Yeltsin had said he was suffering from jet lag.

The newspaper of the Communist Youth League, Komsomolskaya *Pravda, reported* Sunday that Mr. Yeltsin said he did not appear in the Congress of People's Deputies for the past two weeks because of a cold. Mr. Yeltsin said that he would return to work on Monday.

In the city of Tashkent, about 20,000 people rallied Sunday to demand that Uzbek be named the language of the Uzbek Republic, a Muslim activist said. And in Kiev, trade unions called for a price freeze and 24-day vacations, the television said.

China Plans Limits on Hong Kong

BEIJING (AP) — Chinese legislators have proposed banning Hong Kong residents from anti-government activities after the colony reverts to Chinese rule in 1997, and they repeated the position that China will have the right to station troops there, an official report said Sunday.

The proposal was made by members of the Standing Committee of China's National People's Congress, who met Saturday in the last forum for seeking opinion on the basic law that will govern Hong Kong after Britain returns it to China. The draft law will be put to a vote in March at a full session of the congress.

In Hong Kong, meanwhile, officials reported Sunday that more than 7,000 Vietnamese refugees in detention centers throughout the colony had entered the second day of a *hunger strike to protest possible forced* repatriation to their homeland, officials reported. The action preceded meetings in Geneva on Monday and Tuesday to review plans to screen the Vietnamese and repatriate those who do not qualify as refugees.

Pope, in Mauritius, Attacks Racism

PORT LOUIS, Mauritius (Reuters) — Pope John Paul II chose the multi-racial island of Mauritius on Sunday to deliver a stinging attack against racism.

Nearing the end of a 10-day foreign tour, the pope told a rally of 20,000 people: "Racial prejudice blasphemes against the creator. To cultivate racist thoughts goes against the message of Christ."

He told the Indians, blacks, Chinese, whites and mixed-race peoples of this Indian Ocean island that they must make society even more tolerant to eliminate the "incomprehension and suffering which too often accompany mixed marriages." The pope is to leave for home on Monday after earlier visits to South Korea and Indonesia.

Bulgaria Agrees to Talk With Turkey

SOFIA (Reuters) — Bulgaria said Sunday that it would hold talks with Turkey this month on the two countries' dispute over Bulgaria's ethnic Turkish minority.

The deputy foreign minister, Ivan Ganev, said at a news conference that the two foreign ministers, Petur Mladenov of Bulgaria and Mesut Yilmaz of Turkey, would meet in Kuwait on Oct. 30.

The meeting has been arranged in response to a call from the Islamic Conference Organization for direct talks on the issue. Turkey wants a pact with Bulgaria over the future of Bulgaria's 1.5 million ethnic Turks and the property rights of 310,000 refugees who have fled to Turkey since mid-May.

U.S. Airman Questioned in Berlin

BERLIN (Reuters) — American military authorities in West Berlin were questioning a U.S. airman on Sunday after he was caught with two *Soviet military officers who were trying to obtain military secrets from* him, according to the U.S. authorities.

U.S. officials said the two Soviet majors were detained and questioned on Saturday evening before being handed over to Soviet officials in East Berlin. A protest was filed with Soviet authorities. It was the third case of suspected espionage involving U.S. servicemen in West Berlin to become public in less than a year.

Alaska Mandates Oil-Spill Planning

ANCHORAGE, Alaska (UPI) — The state has issued an ultimatum to oil shippers to develop plans by Nov. 13 for responding to spills or the state will forbid them to load crude oil at the Valdez terminal, officials said Sunday.

The tough new state position would stop crude oil shipments from the nation's largest domestic source of oil unless the contingency plan for the tanker in question had been approved. Alyeska Pipeline Service Co., operator of the trans-Alaska oil pipeline and the Valdez oil terminal, has refused to assume responsibility for any spill beyond an initial response, said Larry Dietrick, director of the state Division of Environmental Quality.

TRAVEL UPDATE

Tiananmen Square Closure Relaxed

BEIJING (AFP) — China's parliament building, the Great Hall of the People, and the mausoleum housing Mao Zedong's embalmed body and have reopened to the public, Beijing Daily said Sunday.

Both buildings, one on and the other overlooking Tiananmen Square in central Beijing, have received large crowds since reopening, the paper said. Restrictions on visiting the square, sealed by the army after the repression on June 4 of student protests, were relaxed on Oct. 6.

Individual visitors are to be admitted onto the square with authorization from 8:30 A.M. to 5:30 P.M. Up to now, only groups of at least 10 people have been allowed into Tiananmen Square.

About 25 people were injured in London on Saturday when a double-decker bus tried to pass under a railroad bridge that was too low, rescue officials said. *(Reuters)*

A brief strike by ground crews who supply fuel to planes at the Algiers airport delayed air traffic Sunday, airport sources said. *(Reuters)*

This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

MONDAY: Colombia, Fiji, Jamaica.
TUESDAY: Haiti, Malawi.
FRIDAY: Guatemala, Kenya.
SATURDAY: Honduras, Israel, Somalia.
SUNDAY: Nigeria, Somalia, Vatican City.

Source: Morgan Guaranty Trust Co., Reuters.

WEATHER

EUROPE

	HIGH C	HIGH F	LOW C	LOW F	
Amsterdam	14	57	7	45	sh
Athens	21	70	14	41	c
Barcelona	21	70	11	52	fr
Belgrade	15	59	7	45	r
Berlin	13	55	6	43	cl
Brussels	13	55	6	43	cl
Budapest	14	57	6	43	c
Copenhagen	11	52	5	41	cl
Costa Del Sol	19	66	16	61	r
Dublin	15	59	7	45	r
Edinburgh	13	55	1	34	c
Faro	23	73	17	63	c
Florence	21	70	8	46	fr
Frankfurt	14	57	5	41	cl
Geneva	15	59	6	43	cl
Helsinki	7	45	2	36	r
Las Palmas	27	81	20	68	fr
Lisbon	21	70	17	63	c
London	15	59	5	41	cl
Luxembourg	11	52	5	41	cl
Madrid	22	72	11	52	fr
Milan	18	64	5	41	fr
Moscow	12	54	5	41	c
Munich	10	50	6	43	r
Nice	21	70	12	54	fr
Oslo	10	50	-1	30	r
Paris	15	59	9	48	cl
Prague	14	57	4	39	cl
Reykjavik	6	43	3	38	r
Rome	20	68	11	52	fr
Stockholm	10	50	0	32	r
Strasbourg	14	57	5	41	cl
Venice	18	64	10	50	cl
Vienna	14	57	10	50	cl
Warsaw	11	52	7	45	cl
Zurich	13	55	8	46	cl

MIDDLE EAST

Ankara	17	63	9	32	fr
Cairo	30	86	17	63	fr
Istanbul	20	68	11	52	fr
Jerusalem	23	73	13	55	fr
Tel Aviv	27	81	14	57	fr

OCEANIA

Auckland	—	—	—	—	no
Sydney	25	77	13	55	sh

ASIA

	HIGH C	HIGH F	LOW C	LOW F	
Bangkok	35	95	26	79	t
Beijing	26	79	12	54	s
Hong Kong	29	84	24	75	s
Manila	32	90	26	79	t
New Delhi	33	91	17	63	s
Seoul	18	64	12	54	r
Shanghai	23	73	17	63	s
Singapore	32	90	25	77	t
Taipei	29	84	23	73	s
Tokyo	24	75	17	63	s

AFRICA

Algiers	25	77	17	63	s
Cape Town	17	63	12	54	s
Casablanca	23	73	16	61	s
Harare	24	75	11	52	s
Lagos	27	81	24	75	t
Nairobi	23	73	12	54	s
Tunis	23	73	12	54	s

LATIN AMERICA

Buenos Aires	18	64	13	55	cl
Lima	28	82	16	61	c
Mexico City	24	75	6	43	fr
Rio de Janeiro	—	—	—	—	—

NORTH AMERICA

Anchorage	5	41	-1	30	cl
Atlanta	17	61	14	61	pc
Boston	20	77	14	57	s
Chicago	27	81	17	63	s
Denver	25	77	11	52	s
Detroit	25	77	16	61	s
Honolulu	29	84	22	72	s
Houston	31	88	20	68	s
Los Angeles	26	79	16	61	s
Miami	32	90	23	77	s
Minneapolis	15	59	3	36	s
Montreal	14	57	4	39	s
Nassau	31	88	24	75	s
New York	23	73	16	61	s
Phoenix	35	95	25	77	s
San Francisco	21	70	10	50	s
Seattle	17	63	6	43	s
Toronto	19	66	9	48	s
Washington	30	86	19	66	s

cl-cloudy; fo-foggy; fr-fair; h-hail; o-overcast; pc-partly cloudy; r-rain; sh-showers; sw-snow; st-stormy.

MONDAY'S FORECAST — CHANNEL: Slight. FRANKFURT: Overcast. Temp. 14—7 (57—46). LONDON: Rainy. Temp. 13—8 (55—46). MADRID: Stormy. Temps. 22—2 (72—50). NEW YORK: Partly cloudy. Temps. 24—13 (75—55). PARIS: Fair. Temps. 18—7 (64—36). ROME: Fair. Temps. 21—11 (70—52). TEL AVIV: Not Available. ZURICH: Fair. Temps. 15—2 (59—36). BANGKOK: Rainy. Temps. 31—24 (88—75). HONG KONG: Fair. Temps. 29—25 (84—77). MANILA: Cloudy. Temps. 32—24 (90—75). SEOUL: Rainy. Temps. 16—13 (61—54). SINGAPORE: Fair. Temps. 29—24 (84—75). TOKYO: Cloudy and rainy. Temps. 23—17 (73—63).

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RIEFS

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Spill Planning

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Morgan Guaranty Trust Co.

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ASIA

	HIGH	
Bangkok	C	F
Beijing	28	82
Hong Kong	31	88
Manila	31	88
New Delhi	31	88
Seoul	19	66
Shanghai	20	68
Singapore	31	88
Taipei	31	88
Tokyo	20	68
AFRICA		
Algiers	28	82
Cape Town	22	72
Casablanca	24	75
Harare	28	82
Lagos	31	88
Nairobi	25	77
Tunis	28	82
LATIN AMERICA		
Buenos Aires	18	64
Lima	24	75
Mexico City	24	75
Rio de Janeiro	28	82
NORTH AMERICA		
Anchorage	7	45
Atlanta	25	77
Boston	17	63
Chicago	19	66
Denver	22	72
Detroit	19	66
Honolulu	29	84
Houston	28	82
Los Angeles	24	75
Miami	30	86
Minneapolis	17	63
Montreal	15	59
Nassau	30	86
New York	20	68
Phoenix	32	90
San Francisco	19	66
Seattle	17	63
Toronto	15	59
Washington	22	72

ost: pc-partly cloudy; r-rain; s-

nt FRANKFURT: Overcast 10
55 — 46). MADRID: Sunny 19
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Satellites Spy on Drug Traffic

U.S. Agencies Track Crops and Labs in South America

By William J. Broad
New York Times Service

NEW YORK — The Central Intelligence Agency and other federal agencies have begun using satellites to spy on the maze of clandestine airstrips, roads and laboratories run by the illicit drug industry in South America.

The agencies are also using the satellites, both military and civilian, to locate remote drug crops, and they now plan to take on the more difficult job of actively tracking ships and planes that smuggle narcotics into the United States.

[In another development in the drug fight, the U.S. Marine Corps may join the Immigration and Naturalization Service in conducting training and surveillance operations in the Southwest, the Los Angeles Times reported.]

Most of the new drug-reconnaissance work is secret, because officials do not want to tip off the smugglers to precisely what they know.

But a glimpse of the developing activity was obtained through interviews with Bush administration officials, members of Congress and satellite experts.

An official of a private company that analyzes civilian spacecraft photos, Mark Labovitz, said special processing could now suppress the images of thick vegetation in the forests of Colombia and Peru, for example, and highlight the obscured airstrips.

"Some of them stick out like a sore thumb," he said. "You put the photo on a light table and pick them out, boom, boom, boom."

A vivid example of the new drug reconnaissance is seen in the U.S. Drug Enforcement Administration's work in mapping the wilds of Peru's Upper Huallaga Valley, which produces nearly half the world's coca leaves and is dotted with cocaine laboratories, hideouts and jungle landing strips.

The new charts are viewed as crucial to the success of future law-enforcement raids because they can reveal escape routes for drug traffickers and, possibly, for their pursuers as well.

"They need to know how to get in and out, so they don't get shot up," said a federal official.

The Upper Huallaga, a lush river valley largely controlled by the Shining Path guerrillas of Peru, has been called the Drug Enforcement Administration's most perilous assignment.

About 20 decapitated bodies, believed to be those of local informers, were recently found floating down the river past a new command post of the drug agents in Santa Lucia.

Experts say that by concentrating on areas of drug production and traffic routes, space technology is arming agents with more precise information, which helps them avoid false leads or fruitless searches and track the shifting patterns of drug production.

"You want the best reconnaissance you can get as these crops move to other locations," Peter B. Bensinger, former head of the Drug Enforcement Administration, said in an interview.

In reaction to stepped-up anti-drug efforts, he said, the drug operators are constantly moving their crop-field locations, their processing plants and their flight and shipping routes, which makes better intelligence crucial.

But technology alone, analysts said, would not end the drug problem. They said that even when detected, drug smugglers often manage to corrupt or intimidate law-enforcement authorities all along the line to avoid arrest or conviction.

■ Proposed Marine Role

The marines' new role would put them on the front lines of the drug war for the first time, the Los Angeles Times reported.

A proposed new military organization, to be called "Joint Task Force 6," would help inspect cargo, conduct reconnaissance operations and ferry drug-enforcement agents on raids along the border between the United States and Mexico, Pentagon officials said.

Though not yet approved by Defense Secretary Dick Cheney, the proposal is the work of General Colin L. Powell, the chairman of the Joint Chiefs of Staff, who has pushed for a rethinking of the military's role in the drug fight.

Officials said that no more than 50 marine officers would serve on temporary assignment with the immigration service at any one time, and the marines would be barred from pursuing and arresting drug smugglers. The military's role is tightly circumscribed by a law prohibiting the use of the armed forces for domestic law enforcement.

In another development, Colombia extradited a convicted cocaine trafficker and two accused drug figures to the United States on Saturday.

The action ended a five-week lull following the extradition in early September of the reputed finance officer of the Medellín cocaine "cartel" amid escalating threats of retaliatory violence by the drug traffickers.

Michael Stravato/The Associated Press

Francesc Vendrell, a United Nations official, with Nicaraguan rebels at their camp in Honduras.

A UN-OAS Appeal to Contras: It's Over — Go Home in Peace

By Lee Hockstader
Washington Post Service

TEGUCIGALPA, Honduras — In a diplomatic message extraordinary for its bluntness, a joint commission of the United Nations and the Organization of American States has told thousands of Nicaraguan rebels that they have outlived their purpose as a fighting force and should go home peaceably.

An official of the commission, established under a Central American peace accord to dismantle the rebel camps in Honduras and disarm the rebels, known as contras, voluntarily, delivered the message in a speech before more than 2,500 contra troops at Yamales, Honduras, near the Nicaraguan border.

"You can only stay as long as the Honduran government lets you," the official, Francesc Vendrell, representing the UN Secretary-General's office, told the rebels on Thursday. "You are Nicaraguans and not the objects of a U.S. policy that is anachronistic and has been abandoned by the country that helped you."

Mr. Vendrell also told a group of contra commanders, "You know the situation: the contras are not going to be reactivated."

Later, he told reporters that the contra presence in Honduras had "ceased to have any raison d'être."

The contra troops, many of them heavily armed, stood in formation listening silently to the speech in a steady drizzle. Afterward, one high-ranking contra commander described the troops as "stunned."

Indeed, although diplomats and analysts have been saying for months that the contras' days are numbered, the message has been slow in reaching the troops, whose leaders have often vowed to keep fighting as long as the leftist Sandinista government retains power in Nicaragua.

There are thought to be 8,000 to 10,000 contra troops in Honduras, with an additional 3,000 to 8,000 operating inside Nicaragua. Since August, the contras are believed to have deployed nearly 2,000 more troops inside Nicaragua, and reports of clashes between contra and Sandinista forces have risen sharply in recent weeks.

Although the commission has no means to force the contras to lay down their arms and go home, it represents the combined diplomatic force of the Central American countries.

But contra commanders, in their own speeches and remarks to the commission, condemned the Sandinista government and indicated little willingness to bargain for their peaceful return to Nicaragua.

"The reason why the Nicaraguan people have given up their work and machetes and picked up their guns is to get rid of this Marxist-Leninist system which is failed, obsolete and anachronistic," said Enrique Bermúdez, the contras' top military commander.

The five Central American presidents signed an agreement on Aug. 7 in Tela, Honduras, calling for the voluntary disarming and repatriation of the contras by Dec. 5. They asked that the UN-OAS commission be set up to accomplish that task.

Members of the commission have already met with Nicaraguan government and army officials, and on Thursday the commission delivered two documents from the Sandinista government to the contras.

One of the documents outlines several promises that the contras returning to Nicaragua would be free from repression and free to become politically active.

The other document, according to sources, spells out the Nicaraguan government's plan to repatriate returning contras.

According to the sources, the plan envisions setting up several reception centers that would process the returning contras and issue them documentation, including passports.

Commission members said the contra commanders had no immediate response to the Sandinista government proposal.

■ Arms to El Salvador

Paul Lewis of The New York Times reported from New York:

The rightist Nicaraguan rebels encamped in Honduras are selling their U.S.-supplied arms and ammunition to leftist rebels in El Salvador, according to diplomats at the United Nations.

The practice is arousing fears in Central America and Washington that the contras could disrupt the peace plan by rearming rebel movements or even by hiring themselves out as mercenaries, the diplomats say.

Leaders of the Salvadoran rebels are to meet representatives of the Salvadoran government in Costa Rica on Monday to discuss a cease-fire offer made by President Alfredo Cristiani of El Salvador last month.

AMERICAN TOPICS

Using Video Cameras For or Against Police

The video camera is replacing the still camera and the tape recorder in U.S. police departments. The new technology works both ways, the Los Angeles Times reports. In a string of recent incidents the video camera has put police on the spot.

In the past 18 months, onlookers with home video cameras have recorded a Sacramento, California, sheriff's deputy sticking his pistol in the throat of a drunk-driving suspect; policemen kicking boisterous party-goers in the Los Angeles area, prompting complaints of brutality; and policemen, their badge numbers covered with black tape, clubbing curfew-breakers in a New York City park.

Law officers are responding to what the director of one video trade group calls "the democratization of surveillance" by videotaping the action themselves. The police also use video equipment to play Candid Camera in their periodic stings.

At the Beverly Hills, California, police station, two mounted cameras have videotaped all bookings since 1985. After Zsa Zsa Gabor portrayed herself at her recent cop-slapping trial as a woman offended by vulgar language, prosecutors were able to show the jury a tape of her saying angrily into a police station telephone: "The [expletive] policeman picked me up and pulled me out of the car!"

Notes About People

Ronald Reagan's White House portrait has been redone by the artist, Aaron Shikler. The ex-president's wife, Nancy, didn't like the first version so Mr. Shikler destroyed it. He says the second version is "a reasonably happy portrait," but has no idea whether the Reagans like it. He doesn't expect to be invited when the painting is hung; he wasn't invited when his portrait of John F. Kennedy was hung in 1971. Kennedy's widow, Jacqueline Kennedy Onassis, wanted a private ceremony. "The portrait painter," Mr. Shikler said, "is stuck somewhere in there among the couturier, the hairdresser and the masseuse."

Now it's official: Mayor **Edward I. Koch** of New York will become a visiting fellow for one year at New York University's Urban Research Center after he leaves office in January, NYU has announced. He will give six lectures on U.S. urban policies. Mr. Koch said he would fit right in because he had always thought "one of the roles of mayor was as an educator."

Short Takes

Louisiana, the only state whose laws are rooted in the Napoleonic Code, has begun distancing itself from its French legal heritage, led by those who believe the code hinders economic competition with other states. But some legal scholars urge that change be made slowly, if at all. They contend that Louisiana could capitalize on its ties to European legal systems after Western Europe merges economically in 1992.

A survey of adult Americans conducted in 1987 shows that 28.8 percent are cigarette smokers, the Centers for Disease Control reports. It said smoking rates continue to fall by a steady half percentage point a year, as they have done since 1964, the year of the U.S. surgeon general's landmark warning that smoking causes cancer and heart disease. At that time, 40 percent of Americans smoked.

A federal judge in Miami has upheld a ban on animal sacrifices, saying the U.S. Constitution protects a religion's beliefs, not its practices. Hialeah, a Miami suburb, had enacted a ban after a priest of the Afro-Cuban Santeria church announced that he would sacrifice chickens, goats and other animals as part of its ritual. Judge Eugene P. Spellman said the ordinance was aimed at safeguarding public health and animal welfare.

Noise from jet fighter planes is eroding the military's long welcome in Nevada. Being startled by sonic booms and range-skimming fighters is an accepted price of life in Nevada, where military jets fly over 70 percent of the state. But a new group called Citizen Alert says people are wearying of the state's role as a dumping ground for unpopular federal activities. Besides military flights, Nevada is the U.S. test site for nuclear weapons and is favored as the site for a nuclear-waste dump.

Circuit Judge John E. Rochester of Montgomery, Alabama, is putting some first offenders in criminal cases on probation with orders to read novels and write book reports for him. The books include works by such authors as Steinbeck, Orwell, Faulkner, Dostoyevski and Kafka. Judge Rochester says he hopes the "educational value" of the books will help prevent repeated offenses.

Arthur Higbee

New Watchword, Timidity, Buzzes the White House

By R. W. Apple Jr.
New York Times Service

WASHINGTON — A new buzzword has shoved aside "ethics" and "credibility" in the endless political chatter that lubricates life in the capital.

The word is "timidity," and the man to whom it is applied, on Capitol Hill and at Georgetown dinner parties, is the big man in town, President George Bush.

Is he merely "prudent," as he himself said on Friday in describing his response to the coup attempt in Panama? Is he as fearful as suggested by Senator Jesse Helms, Republican of North Carolina, who also described the administration's response to the coup as worthy of the Keystone Kops?

Is he as passive as he was painted last week by George Will, a conservative whose syndicated column is closely followed in official Washington? The columnist accused Mr. Bush of conducting "an unserious presidency" and said tartly that its symbol "should be a wetted finger held up to the breezes."

Or has he forgotten, as a visiting European minister commented, "that the purpose of politics is power, the purpose of power is to govern and the purpose of governing is to show the way forward, even when it is unpopular?"

Washington seems to have made up its mind, at least for the moment, that Mr. Bush is too timid,

NEWS ANALYSIS

but the verdict in the country as a whole is much more positive, partly because the Democrats have had difficulty in making the opposition case effectively.

For weeks now, the president has been taken to task here for not moving far enough fast enough to help Eastern European countries that are seeking to reshape their destinies, free of domination by Moscow; for not condemning with sufficient vigor the massacre of pro-democracy protesters in China; for talking about improved education and a cleaner environment but failing to explain where the money will come from; for continuing to lack what he described, during a moment of irritation during the 1988 campaign, as "the vision thing."

But Panama abruptly caused critics to find other signs of shortcoming in an administration that only a few weeks ago was bragging about its 70 percent public approval rating.

Liberals and conservatives have joined, on occasion, in voicing sharp complaints.

In a typical comment on the Hill, Representative Dave McCurdy, Democrat of Oklahoma, who is a member of the House Intelligence Committee, recalled the days when the United States seemed unable to free the hostages held in Tehran. Mr. McCurdy said that the Panama episode "makes Jimmy Carter look like a man of resolve."

Politicians, bureaucrats and commentators are beginning to say the problem is a lack of instinct for the bold stroke.

President Gerald R. Ford's explanation of his order to recapture the cargo ship Mayaguez with the simple phrase, "I felt something had to be done," and countless quick decisions by President Ronald Reagan are cited in contrast to Mr. Bush's deliberativeness, although some looked better in the heat of the moment than in retrospect.

There seems little doubt among politicians that Mr. Bush has been hurt by Panama and by open disputes within his inner circle.

Nor has Mr. Bush been helped by the shift in the political winds on abortion. His 1980 position supporting it in several circumstances now seems to represent the position of the majority — but that is not his position any more.

Yet for all the flak he is taking, Mr. Bush manages to remain a highly popular figure outside Washington.

Indeed, early public-opinion polls indicate that more Americans thought the United States did what it should have done in Panama than thought the administration had done too little, although according to one survey about 3 people in 10, a significant number, favored bolder action against General Manuel Antonio Noriega.

Like matrimonial honeymoons, political honeymoons end; Mr. Bush's appears to have done so — but considerably later than those of most recent presidents.

Thomas S. Foley, the speaker of the House, who has clashed recently with the president over the capital-gains tax and other issues, says that "the public has a great desire for presidents to succeed, and that sentiment continues to benefit this one."

California Court Rejects Defense Of Sexual 'Panic'

Los Angeles Times Service

SAN FRANCISCO — A state Court of Appeals here has rejected an attempt to use a defense of "homosexual panic" by a convicted murderer who said he killed a man in an irrational reaction to an unexpected sexual advance.

The three-member panel unanimously upheld the conviction of Frankie Don Huie Jr., 21, and found that the trial judge correctly prevented defense psychiatrists from testifying about the defendant's small-town background and how he reacted to the overtures of the victim, a T-shirt store manager he had befriended in San Francisco.

Such testimony was not properly offered as expert opinion on a recognized mental disease or defect, the panel said, and thus should not have been presented to the jury. Mr. Huie is serving 25 years to life in prison for the 1987 killing.

"We are certainly happy the murder conviction has been upheld," said Joyce Norcini, a San Francisco attorney representing National Gay Rights Advocates. Ms. Norcini expressed disappointment, however, that the court had not issued a broader ruling. "This defense should be relegated to the trash can," she said. "It's predicated on antiquated beliefs about homosexuality."

Queen Elizabeth Indisposed

United Press International

KUALA LUMPUR, Malaysia — Queen Elizabeth II had to cancel her morning engagements on Sunday because of what was described as a slight chill, but she resumed her itinerary later in the day. The British monarch's visit is timed to coincide with a meeting of the Commonwealth heads of government starting Wednesday.

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The Philippine Government wishes to explore an arrangement whereby a development firm would arrange financing and construct the buildings on the two sites either separately or in combination, at no cost to the Philippine Government. On the completion of the Embassy Building the Philippine Government would become the owner thereof.

The development firm would, in turn, utilize (lease, use, or partially liquidate) the Apartment Building and/OR the Office Building to recoup the development costs. After a specific period, it is envisioned that the Apartment Building and the Office Building would revert to the Philippine Government free from any and all financial obligations.

It is recommended that the developer identify and/or form a consortium with a financial institution. All communications will be in English. Target date for commencement of construction is June, 1990.

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- Attention: Mr. Motohiko Aiba (Attorney-at-law) Tel.: 03-593-3913

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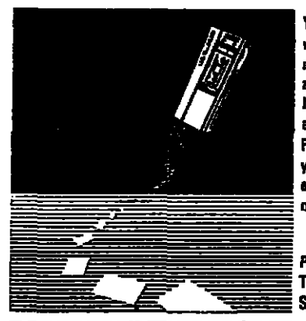

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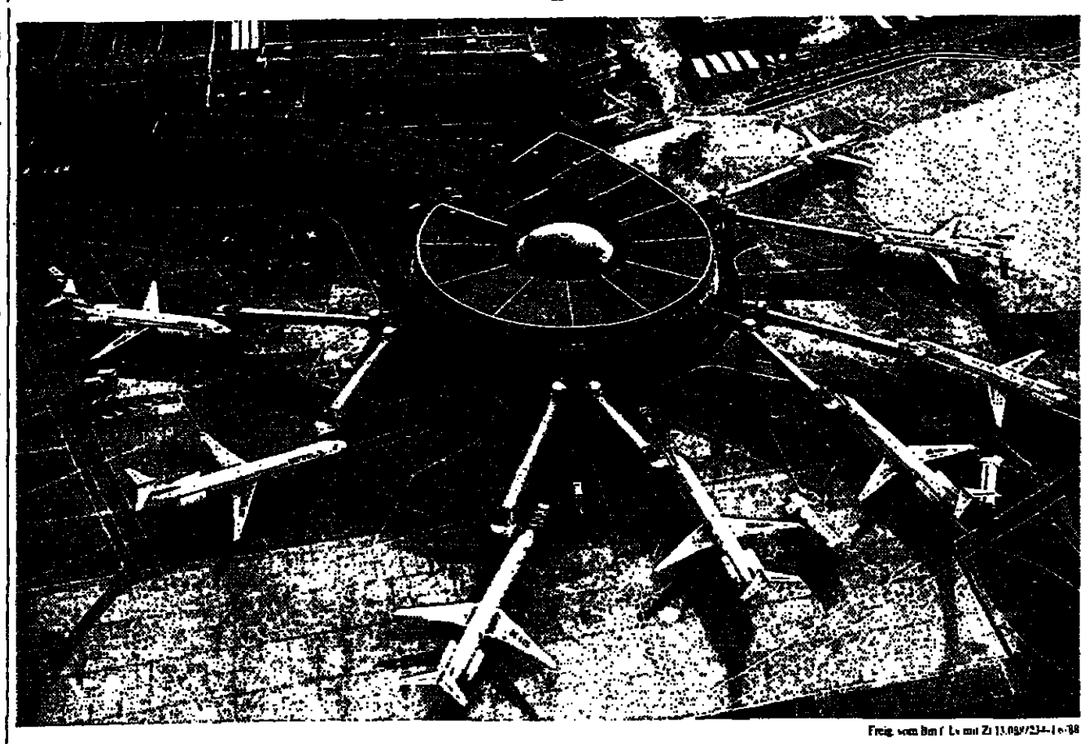

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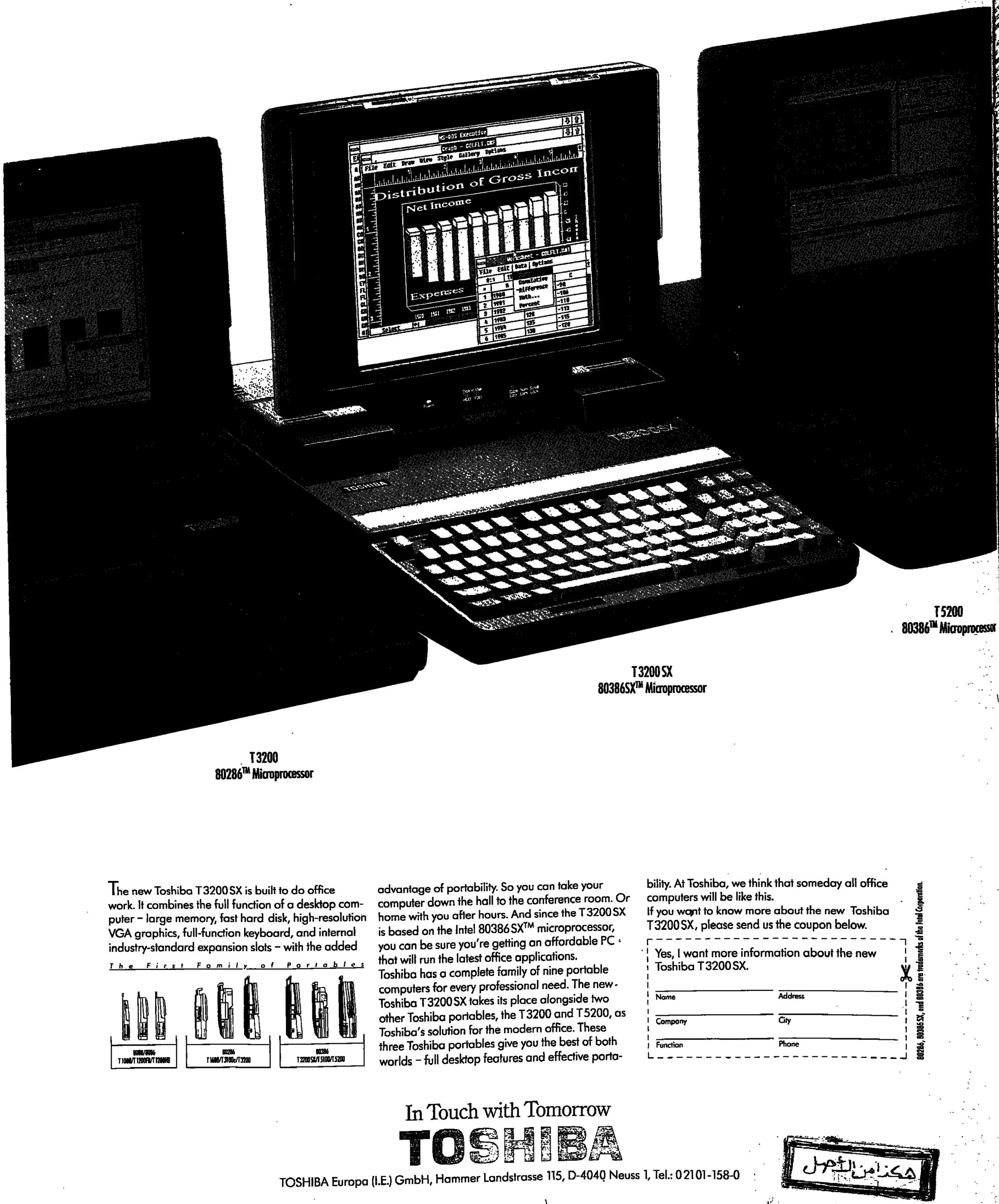

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400 More Flee East Germany

Join 800 Seeking Passes in Warsaw

Reuters

WARSAW — About 400 East German refugees arrived in Warsaw this weekend, joining 800 others waiting for travel papers from their government allowing them to emigrate to the West, East German refugees said.

In Bonn, government officials said they expected that the East German Embassy in Warsaw, to avoid a mass exodus, would issue passes gradually over a period of days, starting on Monday.

Those seeking asylum, who first reported to the West German Embassy in Warsaw, are being housed in residences and holiday camps in and around Warsaw.

The governments of East Germany, Poland and West Germany, meanwhile, were discussing how the refugees would journey to West Germany. Air travel is one possibility.

Last week, two special trains took 1,500 East Germans from Warsaw to West Germany. Officials in Bonn, however, predicted the East Berlin government would not provide the trains again.

The West German border police said the total of East Germans quitting their homeland illegally for West Germany since the beginning of July reached 52,075 on Sunday. Most left across Hungary's border with Austria.

Apart from the refugees, 80,000 East Germans have moved to West Germany with legal exit visas this year. Those who leave without official permission, sometimes after waiting years for visas, are guilty of "fleeing the republic," a crime.

East German restrictions on travel to Hungary and Czechoslovakia cut the daily flood drastically last week.

In another development, Chancellor Helmut Kohl of West Germany has cautioned against expecting too much from East Berlin's recent offer to talk to those pressing for change.

"Concrete measures are still awaited," Mr. Kohl wrote in the West German newspaper Bild am Sonntag. "We must warn against making rash judgments."

He added that the first signs the East German Communist Party leaders are ready for talks and change "have aroused cautious hope in people in East Germany and outside, although the signs are watched in strict socialist words."

East Berlin's orthodox Communist leaders said Wednesday that they were ready to work toward limited change.

Tentative discussion of East Germany's shortcomings is beginning to emerge in the country's state-controlled press, but authorities have ruled out talks with a growing independent political movement headed by the 15,000-strong New Forum group.

Mr. Kohl said changes in the Soviet Union, Poland and Hungary had made it clear that East Germany would not be able to isolate itself in the long term.

Czarek Sokolowski/The Associated Press

An East German mother and child entering the West German Embassy in Warsaw to request refuge.

Mother Teresa Leaves Hospital After 5 Weeks

The Associated Press

CALCUTTA — Mother Teresa left a hospital on Saturday, five weeks after suffering a heart attack, and returned to the headquarters of the Missionaries of Charity despite doctors' advice to slow down.

Mother Teresa, 79, was awarded the 1979 Nobel Peace Prize for her efforts to help the poor. She was hospitalized Sept. 5 with a high fever and suffered a heart attack three days later.

In Spain, Glitter and Poverty

Gap Widening Between Rich and Poor as Vote Nears

By Alan Riding
New York Times Service

MADRID — Streets crowded with new cars and restaurants crowded with new rich, foreign capital pouring in and stock markets taking off, luxury apartments at astronomical prices and stylish young people in the latest designs.

After seven years of Socialist government, Spain has been transformed into a collage of dazzling images. A country long known for its dour and isolated way of life has launched itself on a hectic adventure of change and modernization.

Behind the glitter, there are solid achievements.

Since joining the European Community in 1986, Spain has enjoyed the region's fastest economic growth rate. In the process, with the middle classes spending as never before, more than 1.5 million new jobs have been created.

But another Spain has not kept pace, a Spain that with its expanding work force still has an unemployment rate of 17 percent, Europe's highest, where 6 million pensioners live on a pittance, and dreams of the good life have run up against stiff taxes, poor public services and rising urban crime.

Now, with general elections scheduled for Oct. 29, these two Spains have come into sharper focus than at any other time since democracy returned here in 1975 as Spaniards prepare to give their verdict on the kind of socialism they have been experiencing.

At the center of the debate is Felipe González, 47, who is seeking a third term as prime minister. Felipe, as he is widely known, is both credited and blamed for Spain's metamorphosis in the 1980s.

His critics on the left charge that he has betrayed socialism by adopting pro-business, anti-labor policies that they characterize as Thatcherism.

His admirers contend that by ignoring traditional socialist dogma, he has designed the development strategy Spain needs.

The victory of his Socialist Workers' Party is not in doubt, because none of the competing leftist, rightist or regional parties seems to represent a credible option. But it is unclear if the Socialists can keep control of parliament. The main opposition objective is to force Mr. González into a coalition.

Polls show that the Socialists, who won 202 seats in 1982 and 184 in 1986, may just win the 176 seats necessary for a majority in the 350-member lower house. But polls also indicate increased support for a United Left alliance, a reflection of worker disenchantment with recent economic policy.

The malaise at home contrasts sharply with Mr. González's image abroad.

Latin America's new democratic leaders view the thoughtful young Spaniard as something of a role model.

In European capitals, he enjoys wide respect, with President François Mitterrand pointedly planning to visit Spain just days before the election.

Washington's early qualms about a Socialist government in Spain have been replaced by admiration for Mr. González's economic and political record.

On Thursday, President George Bush will receive him for lunch at the White House, a clear nod of approval in the middle of an election campaign.

But although Mr. González wants to keep Spain's attention focused on the future — on the twin challenges of prospering in a highly competitive single European market after 1992 and of catching up with Western Europe's living standards by the year 2000 — many Spaniards seem intent on measuring how they are faring today.

"Felipe is looking after businessmen more than the workers," said Almudena Delgado de Rico, who supplements her husband's income as a truck driver by working as a cleaning woman. "He's done more negative than positive things. He's more to the right than the left."

Yet for many Spaniards, the process of change goes far beyond right versus left or rich versus poor.

Social habits, cultural traditions, family life, sexual behavior and educational priorities are all being shaken to the point that Spaniards suddenly have difficulty recognizing themselves.

"The old image of Spain as a country of flamenco, bullfights and girls with flowers in their teeth was always false," said Matilde González, a 25-year-old art historian. "Spain was always a backward and repressed nation. Today it is breaking free, but it still doesn't know what it wants to be."

In a sense, though, the grand design for the future is already in place.

Just 14 years ago, Spain was in the last days of the dictatorship of Generalissimo Francisco Franco, but today democracy is taken for granted, with the wounds of the 1936-39 civil war well healed.

By joining the European Community, the country also implicitly accepted the prevailing rules of capitalism.

"The broad lines of the party platforms run very close to each other," the daily El País said in an editorial. "The confrontation is no longer between models of society but, more modestly, between budget priorities."

Even the changes in Spanish society are now seen as irreversible.

Divorce and abortion have been legalized, while women who once seemed happy to be obedient wives and doting mothers have begun joining the work force in droves.

Church attendance has tumbled, forcing the Roman Catholic hierarchy to cede its traditional place at the center of power.

It is therefore a symptom of Spain's political maturity that the current campaign is dominated by the same kind of mundane issues — jobs, taxes, housing, pensions and the like — that are the stuff of elections in other Western democracies.

But this has also meant that the consensus that marked the country's exciting and risky transition from dictatorship to democracy is now giving way to greater confusion. Specifically, what is an economic success story to some Spaniards is a source of intense frustration to others.

Khrushchev's Fall: Lesson for Gorbachev

By Michael Dobbs
Washington Post Service

MOSCOW — He was a Kremlin reformer seemingly secure in power. Then, without warning, Moscow radio announced that he had retired "for reasons of deteriorating health." The Khrushchev era was over.

The political coup that turned Nikita S. Khrushchev into a nonperson took place 25 years ago this weekend. But, far from fading into history, the events of Oct. 13-15, 1964, have become increasingly relevant now that another backer of change is in the Kremlin.

If there is a precedent for the dramatic changes now taking place in the Soviet Union, it was 10-year interlude between the terror of Stalin and the stagnation of Leonid I. Brezhnev. The intellectual and political energy released by Mr. Khrushchev deeply affected an entire generation of young Soviets, Mikhail S. Gorbachev included.

In the last few months, there has been a surge of interest in the Khrushchev era, including the publication of his memoirs and an exhibition in Moscow that sought to recreate the atmosphere of "those 10 years."

Once shrouded in secrecy, the anti-Khrushchev plot has become a subject for study by Soviet analysts anxious to know whether history will repeat itself.

"The Khrushchev period was the first act in a great drama — the drama of a society recovering its vision," said Alexei I. Adzhubei, Mr. Khrushchev's son-in-law and one of his closest confidants. "I'm reminded of one of those Greek tragedies in which the first words shatter the audience. The first words in our drama were spoken by Khrushchev. The culmination is taking place now."

Many present-day Soviet analysts regard Mr. Khrushchev as a deeply contradictory figure: the Stalinist who denounced Stalin, the cultural philistine who denounced abstract art but encouraged writers like Alexander I. Solzhenitsyn, the man of change who cut the Soviet armed forces by two million men but engaged in nuclear brinkmanship with the United States over Cuba.

"Khrushchev was a tragic figure, almost Shakespearean," said Andrei A. Voznesensky, a poet who clashed with the former Communist Party chief over cultural freedom at a celebrated meeting in the Kremlin. "He opened the doors to the gulag and freed the prisoners. But he himself was a Stalinist criminal No. 1. The blood that was shed in Moscow was on his head."

After deposing Mr. Khrushchev, his successors did their best to eliminate him from the history books. His portrait disappeared from public buildings overnight, and he was barely mentioned in the press. In 1971, the Communist Party daily Pravda carried a brief reference to the death of "private pensioner Khrushchev" without mentioning his decade in power.

Nikita S. Khrushchev

Far from fading into history, the events of 1964 have become increasingly relevant.

Opinions differ over why Mr. Khrushchev was forced out. His supporters, including Mr. Adzhubei, argue that his ouster was organized by apparatchiks antagonized by his changes. Politburo members involved in the decision emphasize Mr. Khrushchev's personal eccentricities and mercurial ways.

One former Politburo member argues that Mr. Khrushchev seemed to get more erratic the longer he stayed in power. He maintains that virtually everybody backed the decision to get rid of Mr. Khrushchev, including his one-time supporters.

Unlike Mr. Khrushchev, whose power was based almost exclusively on the Communist Party, Mr. Gorbachev has tried to develop alternate sources of authority. His most notable innovation has been the institution of a strong presidency answerable not to the party but to a new parliament, the Congress of People's Deputies.

Mr. Khrushchev's changes were carried out in the traditional Russian manner, from above. Mr. Gorbachev, by contrast, has sought to squeeze the lethargic bureaucracy with a combination of pressure from above and pressure from below. Public opinion, a meaningless concept under previous Soviet leaders, has now become a powerful political force.

"The dramatic, revolutionary changes now taking place in Soviet society are supported by a wide range of people from all social groups," said Mr. Adzhubei, a former editor of the government newspaper Izvestia. "There's no way back. People are not prepared to live the way they did before."

Fyodor Burlatsky, a speechwriter for Mr. Khrushchev, wrote in a recent commentary for the weekly Literaturnaya Gazeta: "Khrushchev overturned and condemned Stalinist autocracy, but he preserved an authoritarian style of leadership. He never thought about the distribution of power, or the division of the functions of party and state, or of the granting of certain inalienable civil rights."

Despite the obvious differences between Mr. Khrushchev and Mr. Gorbachev, October 1964 remains the prototype for a political coup in the Soviet Union.

"Can 1964 happen again today?" asked a recent article in the Moscow Communist Party daily Moskovskaya Pravda, without providing a firm answer.

In theory, an anti-Gorbachev coup in the Politburo is quite conceivable. A brilliant political tactician, Mr. Gorbachev has so far succeeded in outmaneuvering his opponents. But there is no guarantee that his colleagues in the leadership will not turn against him if nationalist unrest continues and the economy fails to pick up.

In practice, however, history rarely repeats itself exactly. In charting his political strategy, Mr. Gorbachev is guided by his knowledge of what happened to Mr. Khrushchev and a desire to avoid the same mistakes.

The real question is not whether Mr. Gorbachev will be overthrown by his Politburo colleagues. It is whether he will be able to defy the constraints posed by the system that produced both him and Mr. Khrushchev.

If Mr. Gorbachev is unable to change significantly the command administrative system bequeathed to the Soviet Union by Stalin, the end could come in many different ways. Mr. Gorbachev himself could become more conservative, abandoning the changes that he set in motion. Or he could become irrelevant, the prisoner of an ideology that is impervious to change.

Some Soviet intellectuals say they fear that the failure of *perestroika*, or restructuring, could result in a return to Stalinism.

Militants Present At Algiers Retrial

Reuters

BLIDA, Algeria — Hundreds of Islamic militants demonstrated peacefully at the start of a retrial Sunday of Algerian fundamentalists convicted in 1987 of plotting to overthrow the government.

Three men were sentenced to death and four to life imprisonment, but the judgments were overturned on technical grounds a year later by the Supreme Court.

The defendants were associates of a Muslim extremist who led an uprising from 1983 until he was shot to death by state security forces in 1987. They are now being tried by a criminal court, following this year's abolition of the State Security Court as part of Algeria's constitutional changes.

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Beijing Party Branch Votes to Purge Ranks, Including Businessmen

The Associated Press

BEIJING — The Beijing Communist Party Central Committee voted Sunday to purge its ranks of "hostile and anti-party elements" and wealthy private businessmen.

The decision, reported by Xinhua, the official news agency, indicated that the crackdown triggered by student protests earlier this year was intensifying.

Xinhua said the Beijing party committee, which has led the nation in hard-line rhetoric, approved a resolution to "purify the party organizations" by requiring all members in the capital to reregister during the coming year.

Only those who meet party qualifications will be retained, it said.

"A drive will be conducted to examine and investigate how party members, especially officials with a party membership, behaved in ending the national turmoil and quelling the anti-government rioting," it said, referring to the pro-democracy protests that the army crushed in June.

"The overwhelming majority of the party members will be united and educated and a very small number of hostile and anti-party elements will be resolutely purged from the party," it said.

So far, only a few expulsions from the party have been announced.

Leading targets of the purge include private businessmen. "Besides getting their own due pay, they should spend their post-tax profits on production and public welfare and should not use them for their own private needs," the resolution said. "If they fail to do so, they can no longer be party members."

Since the June crackdown on the student movement, hard-line policies have made a comeback. The slogan of Deng Xiaoping's early reforms, "To get rich is glorious," has been dropped, and party leaders have begun criticizing private businessmen for becoming too wealthy.

Many private clothing sellers and bar owners in Beijing have said they want to sell their businesses, and the new party resolution was unlikely to restore confidence.

■ Report Denounces Zhao

A secret government report bitterly attacks Zhao Ziyang for economic mismanagement, in a new step in the campaign to hold him responsible for China's economic and political problems, The New York Times reported from Beijing.

The report, said to have just been issued by the State Council, was the most systematic and authoritative official evaluation so far of Mr. Zhao. It is likely to set the tone for what is expected to be a crucial meeting of the party's Central Committee, originally set for early this month but delayed, officials say, by sharp differences of opinion within the leadership.

The Associated Press

Students at Beijing University rummaging through academic books that were offered for sale as the fall semester began at the school

U.S. to Accelerate Nerve Gas Removal

Shipment From Rhineland to Pacific Seen as a Favor to Bonn's Leadership

By R. Jeffrey Smith
Washington Post Service

WASHINGTON — The Bush administration, after months of internal debate, is proceeding with a plan to speed the removal of thousands of nerve-gas artillery shells from West Germany as a favor to Chancellor Helmut Kohl, according to U.S. diplomatic and military officials.

The administration wants the shells to be shipped to a remote Pacific island late next year, despite a classified assessment by the Joint Chiefs of Staff that the timetable carries "significant operational risk," the officials said.

The weapons were initially to be withdrawn in 1992 so they could be destroyed under an agreement the army struck with Congress to win approval for the production of new chemical weapons with a different design.

But U.S. officials say they were maneuvered into removing the weapons two years early by Mr. Kohl, who startled Washington in April by telling his parliament that Mr. Bush had agreed to a "premature and unilateral" withdrawal before Washington had made such a decision.

Mr. Kohl, who faces a challenging December election next year, made his remark shortly after Secretary of State James A. Baker 3d told European ministers that the administration was exploring ways to accelerate withdrawal of the weapons.

Mr. Baker's public statement, following an internal administration debate, was intended to help repair U.S.-West German relations and to answer criticism that the administration was moving too cautiously on arms control matters.

A senior administration official said Mr. Kohl's remark nonetheless "stunned and irritated us" because the United States was still studying withdrawal of the weapons.

Roger Harrison, a former deputy assistant secretary of state, told a congressional hearing in June that Mr. Kohl's remark was "not reflective of any agreement" between the two governments at that time.

The army and the Joint Chiefs of Staff were nonetheless ordered to produce a plan for the accelerated withdrawal, which was approved by the White House last summer. It is projected to cost $46 million and will be the largest shipment of U.S. nerve agents since 1969.

The House, responding to expressions of concern by military officials, added a provision in the defense bill for fiscal 1990 that blocks the move until Secretary of Defense Dick Cheney takes two actions.

He must first certify that the United States already has an adequate stockpile of modern "binary" chemical weapons, and then pledge that the accelerated withdrawal will provide "minimum technical and operational risk and maximum safety to the public."

Representative Larry J. Hopkins, Republican of Kentucky, the principal sponsor of the measure, said that "I can't imagine how" they will meet those conditions in time to complete the withdrawal by the end of next year.

Secret U.S. documents indicate that the West German stockpile consists of two types of artillery shells filled with a total of 435 tons of nerve agents called GB and VX, capable of causing convulsions and death within minutes after exposure.

The shells reportedly were shipped to the U.S. Army's Fischbach Ordnance Depot, near the German-French border in southern Rhineland, over a four-month period in 1967, at the same time older poison gas munitions were removed from another depot nearby.

Although the shells are capable of carrying deadly gases only a mile or so from friendly forces, they are considered "among the best" chemical weapons in the present U.S. arsenal, according to a Pentagon document.

The army plans to store them at a new $510,000 facility on Johnston Island, 700 miles (1,100 kilometers) southwest of Hawaii, until 1997, when they will be among the last "unitary" chemical weapons to be destroyed under congressional order.

Unlike "binary" shells, which use two chemicals that become lethal only after being fired from an artillery piece, each "unitary" weapon carries a lethal poison gas mixture, creating added risks.

Some Pentagon officials expressed concern about short-circuiting a required review of environmental implications, which normally would take 18 months to complete but now must be finished in 30 days.

Special steel canisters for the artillery shells are hurriedly being created and tested under army contract, the officials said. Sensors in the canisters will be capable of detecting major gas leaks within a few minutes, but not instantly.

Officials are still wrestling with measures to deter any terrorist attack on the shipment, including diversionary maneuvers to conceal which trucks, trains and ships contain the chemicals.

BUSH: *During Coup Attempt, Informality Prevailed*

(Continued from page 1)

ing on, every one of his senior advisers gave Mr. Bush reasons not to intervene.

In the last stage of the coup, as the new chairman of the Joint Chiefs of Staff, General Colin L. Powell, considered options for using military force, Mr. Bush insisted that it would have to be contingent on some kind of request from the plotters, which never came, a participant said.

Caution has become a trademark of Mr. Bush's reaction to global events, from the lengthy "strategic review" he undertook after the inauguration to the springtime tumult in China to the pell-mell changes in the Soviet Union and the end of Communist rule in Poland.

Among Mr. Bush's inner circle, Mr. Scowcroft has a singular role. According to numerous sources, he spends more time than any other senior official — often hours a day in the Oval Office — serving as a sort of personal counselor to Mr. Bush.

Mr. Scowcroft has eschewed the function of crisis manager. Nor does he see himself as the whip-hand over Cabinet secretaries or the messenger of every urgent development, according to those who have dealt with him. Rather, said Les Aspin, Democrat of Wisconsin, who is chairman of the House Armed Services Committee, Mr. Scowcroft "has established a very close relationship with the president, spends a lot of time with him and it's very hard to tell where his views begin and Bush's leave off in a lot of issues."

A retired Air Force lieutenant general who was a business partner of Henry A. Kissinger and served as President Gerald R. Ford's national security adviser, Mr. Scowcroft has sought to create a system that would adapt to Mr. Bush's whirlwind operating style.

That was a goal he took from his service on the review board that investigated the Iran-contra affair and concluded that President Ronald Reagan had been too passive in managing national security decisions.

In effect, Mr. Scowcroft decided not to do what he expected Mr. Bush would do — drive the policy, broker deals, knock heads together when necessary and call crisis meetings — officials said. Mr. Scowcroft has instead tried to be the wise man in the mix. Mr. Scowcroft refused to be interviewed for this article.

The Panama crisis posed difficult challenges to Mr. Bush's informal, closed system.

From the outset, advisers urged caution. Mr. Cheney told Mr. Bush that he was suspicious of the leader of the coup, Major Moises Giroldi. General Powell expressed the Joint Chiefs' traditional reluctance to engage U.S. forces with an undefined goal and amid risks of bloodshed.

Mr. Baker, officials said, was concerned about possible legal entanglements with Congress over the United States' taking part in assassinations. According to one official, the secretary of state's first reaction on hearing of a possible coup was, "Get the lawyers."

Aoun Warns Christians On Yielding to Muslims

By Youssef M. Ibrahim
New York Times Service

TAIF, Saudi Arabia — The commander of the Christian forces in Lebanon, Major General Michel Aoun, has threatened retribution against Christian Lebanese negotiators to dissuade them from making concessions to their Muslim counterparts in talks on ending the 14-year-long civil war.

General Aoun, who is battling to block changes in the Lebanese government that would give the country's Muslim majority a greater say in how it is run, warned in a statement issued in Beirut that the peace conference in this summer resort "should not make any commitment that would be seen as a concession on the country's sovereignty or an insult to the people's rights."

[Lebanese legislators were discussing a timetable for Syrian troop withdrawal, the Christians' main precondition for a settlement. The Associated Press reported Sunday from Taif. Syria's role in Lebanon and future relations between the neighboring countries are the last items on the agenda.]

In his second such warning General Aoun said, "The people will not have mercy on those who are negligent, whoever they are."

The warning was aimed at the 31 Christian legislators negotiating a new Lebanese national charter calling for an equal numbers of Christian and Muslim legislators.

The group is widely believed to be close to an accord that would fundamentally change the balance of power in Lebanon.

Saudi and Lebanese officials said they did not view General Aoun's warning as a serious obstacle to the talks, asserting that the Christian leader appeared to have lost many of the cards he held in the Lebanese civil conflict.

The United States and France, the two most significant Western countries with influence among Lebanese Christians, have withdrawn their support of the general, Lebanese and Arab officials in Taif agreed.

The main problem with General Aoun now, a senior Arab official said, is "what to do with him, where and how to send him away from the Lebanese scene."

Although the talks have dragged on for two weeks over details, there is a strong conviction that the Christians of Lebanon have come to Taif to conclude a deal that accepts a fundamental reapportionment of power that would eliminate their traditional dominance.

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OIL & MONEY

A NEW DECADE-A NEW GROWTH ERA?

LONDON, OCTOBER 19-20, 1989

THE 10TH ANNUAL INTERNATIONAL HERALD TRIBUNE / THE OIL DAILY CONFERENCE

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THE OUTLOOK FOR PRODUCER COOPERATION INTO THE 1990's
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U.S. Assailed On Proposed Cairo Talks

Reuters

JERUSALEM — Underground leaders of the Palestinian uprising and the Israeli prime minister, Yitzhak Shamir, criticized on Sunday U.S. efforts to bring about Israeli-Palestinian peace talks in Cairo.

The leadership of the uprising urged Palestinians to "reject the suspicious American role."

The Palestinian leaders specifically mentioned the five-point proposal of Secretary of State James A. Baker 3d.

In a leaflet distributed in the occupied West Bank and Gaza Strip, they stressed that only the Palestine Liberation Organization could appoint Palestinian delegates to peace talks.

Mr. Shamir told the Israeli newspaper Maariv that there was no need for talks in Cairo at all, since Israel would only talk to Palestinians from the occupied territories and would not let the PLO play any role.

"Who says it has to be in Cairo?" the Israeli leader said. "Why go all the way to Cairo when both sides, Israelis and Palestinians, are here?"

The director-general of Mr. Shamir's office, Yossi Ben-Aharon, told Israeli radio that the message was that Israel would not agree to the participation of Palestinians from outside the territories or to any process leading toward a Palestinian state.

The Unified Leadership of the Uprising, a coalition of nationalist groups, said talks with Israel must be held within the framework of an international peace conference and must cover Palestinian demands for self-determination and statehood.

But Mr. Shamir said that any talks before Israeli-proposed elections in the territories would be purely technical and that Israel would send bureaucrats and not diplomats or politicians.

Mr. Baker proposed a five-point framework last week for Israeli-Palestinian talks on elections and other issues in Cairo, giving Egypt a major role in arranging the Palestinian delegation through contacts with Israel and Washington.

He intervened after Israel's inner cabinet, with the blocking vote of Mr. Shamir's Likud Party, rejected Egypt's invitation to talks with a PLO-backed delegation in Cairo.

Likud officials said they were counting on the PLO's Central Council, meeting in Baghdad this week, to reject the Baker formula and take the pressure off Israel.

LINKS: *In Moscow, Soviet Drive to Match Capitalism*

(Continued from page 1)

Sports Committee and the Soviet agency that provides services to foreign diplomats.

A gift set of custom-made golf clubs awaits Mikhail S. Gorbachev, just in case he decides to try for "Vic Damone" over President George Bush at the next summit meeting in Moscow. "Vic Damone" is how the American duffer-in-chief refers to victory.

For domestic consumption, golf is being promoted as a profit-maker, an emblem of the new Soviet business savvy and another chance for athletic Soviet youngsters to scoop up trophies.

Queried by a Soviet reporter about golf's image as a game for fatcats, Anatoly N. Kovalev, chairman of the Moscow Sports Committee, patiently explained that golf was "a mass sport" in the West.

"Tennis was regarded as an elite sport, and we've taken it up," he said. "We've begun to play baseball," the bourgeois national pastime.

Scores of hand-picked young athletes have been training under a Swedish pro at the driving range that opened in Moscow last year, and none of them seem daunted by the American-Soviet golf-course gap of roughly 10,000 to 1.

The teen-ager who stands to become the Soviet Union's first golf star is Denis Zherebko, the 15-year-old son of a government prosecutor, who first laid eyes on a golf ball a year ago and in September, on a course in Sweden, earned a respectable 19 handicap.

The blond 10th-grader played an abbreviated celebrity inaugural round Sunday with Sean Connery, the British actor who is in the Soviet Union filming John le Carre's "Russia House," and Sven Tumba, a 1950s Swedish hockey hero who developed the 2,600-yard, par-34 Moscow course and named it for himself.

Before the threesome set out under a drizzly sky, Mr. Zherebko said of his new pastime: "It's not a sport, it's more an art. You have to be able to fantasize, to imagine what lies ahead."

It did require a bit of imagination on Sunday to picture the rolling green fairways that are to open for members' regular use next May.

In addition to the usual sand and water hazards, the golfers had to contend with rivers of ankle-deep mud, greens that still resembled rough patchworks of carpet sample, unsightly construction shacks and cyclone fencing.

The 100,000 square yards (83,600 square meters) of turf trucked in from Finland (for the fairways) and Sweden (for the greens) was so sodden from several days of rain that players wore rubber boots.

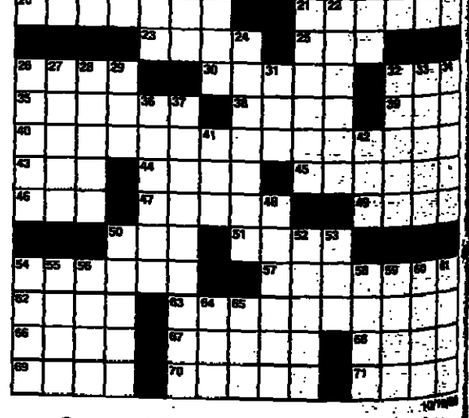
Still, Mr. Connery, a formidable 8-handicap player with a smashing drive, saw promise in the wicked dogleg on the 512-yard third hole, and admired the challenge of the ninth, where the player must loft his ball onto a little island.

ACROSS

1 Reverberate
5 To the left, at sea
10 Cry of regret
14 Literary work
15 Staid, serious
16 Neighbor of Java
17 Sharp weapon
19 Lyric poems
20 Guided
21 Ovid's 3601
23 Water pitcher
25 Actress Arthur
26 Frost or Field
30 Kingdom
32 Occupy a throne
35 Science of light and vision
38 Antony's mistress
39 Somewhat. Suffix
40 Repeating gun
43 Former Spanish queen
44 Grocery item
45 Formulated method
46 In medias ——
47 Not hidden
49 This, in Madrid
50 Employ
51 Trigonometric function
54 Written
57 Lassos
62 Dry
63 Multibarrel weapon
66 Path
67 Barrymore or Kennedy
68 Caen's river
69 Leading actor
70 Prophets
71 Highway

DOWN

1 Wanes
2 Rail bird
3 Sewing-machine inventor
4 Steinbeck character
5 To one side
6 Deliberate
7 Japanese sash
8 Gridiron V.I.P.
9 Shakers
10 Large S.A. snake
11 Alan or Cheryl
12 Pianist Templeton
13 Pedro's emphatic agreement
18 Before, to the Bard
22 Recollection
24 Clergymen
26 Force
27 State a view
28 Alcohol lamps
29 Muscle spasm
31 Pub beverage
32 Screens
33 Dot on a map
34 Literary subject
36 Prefer
37 Fabric edges
41 Observe
42 Suffix with expert
48 Cultivator
50 Below
52 Hard as —— (tough)
53 Sea eagle
54 Chums
55 Part of Q.E.D.
56 One of Columbus's ships
58 Composer Stravinsky
59 Sour, in Salerno
60 Food fish
61 Prune, in Ayr
64 Consumed
65 Definite article



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Solution to Friday's Puzzle

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L	O	D	E		E	L	I	T	E		S	A	L	E
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E	L	L		A	B	O	U	N	D	S		O	O	P
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(EYA-TOURNAY/ASECOM)

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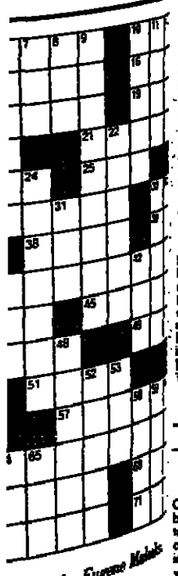

edited by Eugene Maleska

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Budget Follies, as Usual

No scandal in Congress this year is more outrageous than the budget mess. Both houses and both parties have failed in their duty to cut the deficit. President George Bush did no better. Putting aside all the hogwash and politicking, it is clear that they are all creating problems, not solving them.

The apparent trigger for Friday's plunge in the stock market was the collapse of a big leveraged buyout. But Washington's utter failure to deal with the deficit can hardly inspire investor confidence.

The government started its new fiscal year two weeks ago with temporary funding for a month. If appropriations, taxes and other revenues for the full year are not enacted by midnight Monday, most federal programs must be cut back immediately, sharply and arbitrarily. Programs that are subject to cuts — defense as well as nondefense — would be reduced by at least 5 percent.

This year's budget, when finally in place, will only appear to reduce the 1990 deficit to $110 billion. The *actual deficit will almost* surely turn out to be larger than the wishful forecast. Worse, this year's finagling will add to deficits for years to come. What credibility is there in pretending that there is no postal deficit, or in counting the billions borrowed for the savings and loan bailout as payments to the government? Who is fooled when spending is put off for 24 hours, just to jump it into another fiscal year?

Mindless across-the-board cuts are an invention of the Gramm-Rudman-Hollings budget law; if Congress and the president can't agree on selected program cutbacks and added revenue to trim the deficit by a set amount each year, then everything gets chopped automatically. That is government without priorities — or no government at all.

Some *eminently responsible authorities* — among them, Chairman Dan Rostenkowski of the House Ways and Means Committee — have come to a rueful conclusion: Across-the-board cuts would be better than the sorry package of *fraudulent accounting and hidden* favors that Congress is working on. Painful cuts might bring all to their senses and force both Congress and Mr. Bush to stop the shameless fudging.

Maybe. But the budget law was knowingly *crafted with loopholes* to spare the lawmakers any real day of reckoning. If cutbacks are ordered this week, it is easy to repeal them later. That is what happened after a similar October crunch two years ago — a crunch that also coincided with a nosedive in the stock market.

No one knows how this year's game will play out, but the fun is just starting. Congress still has to deal with the president's mischievous proposal to cut the capital gains tax, and with the revolt of senior citizens who don't want to pay extra for *catastrophic* health insurance. The Senate voted on Friday to postpone these and dozens of special-interest issues. The House has voted its own package, including a capital gains tax cut and repeal of catastrophic coverage. The two bills must still be reconciled.

By the end of the month, Congress must raise the ceiling on the national debt. For decades, this periodic ritual has been a playground for politicians to decry the sins of big spending — after they have authorized those very sins. This time they will act extra horrified that the debt is about to soar past $3 trillion. If current plans hold, they will then plunge into another debate over how to make the budget system work so that the deficit actually shrinks. They may even rewrite Gramm-Rudman-Hollings again, possibly extending it to the year 2000.

Gramm-Rudman-Hollings is bad law. It was supposed to force Congress and the administration to make tough decisions that would balance the budget by 1991. Instead they have used it to rig a phony *budget. And the deficits run on, chewing up* savings, driving up interest rates and perpetuating false security. Not to worry. Although Washington lacks the spine to balance the budget in this century, it's good at *making promises for the next one.*

— THE NEW YORK TIMES.

Lebanese Compromise?

Against odds and expectations, what seems like a serious peace plan for Lebanon is being tacked together by aging politicians *meeting in the Saudi Arabian town of Taif.* Arab League mediators have diligently promoted marathon talks among the surviving members of the Lebanese parliament elected in 1972. The 62 deputies are said to be near *agreement on a new national charter* that would give more power to the non-Christian majority and provide for phased withdrawal of 40,000 Syrian occupying troops.

Lebanon's 14-year civil war has stubbornly *thwarted all previous peacemaking attempts*, and crucial details on Syria's future role remain to be nailed down, let alone made public. But great credit is due to the Arab League mediators and the Lebanese legislators, half of them Christians, for seeking compromise. The best measure of their courage is the opposition that their efforts have provoked from Lebanon's implacable warlords, Christian, Muslim and Druze.

*Speaking for Christian hard-liners is Ma*jor General Michel Aoun, who impatiently condemns the Taif compromise as a "mistake" because it does not provide for instant removal of Syrian troops before the plan goes into effect. Muslim hard-liners are already condemning the proposed new charter for leaving too much power in Christian hands. This rejectionist front is getting direct encouragement from Iran, despite the alleged pragmatism of Tehran's post-Khomeini leadership.

It may be that Lebanon's tangled quarrels are beyond the reach of peacemaking, and that nothing will come of a compromise yielding too much to Syria. Still, it would be *indecent to succumb to hopelessness* about a conflict that has taken 150,000 lives and brought ruin to an industrious people.

Guns have been unable to resolve this conflict; witness the failure of General *Aoun's campaign since March to drive out* the Syrians, who entered Lebanon as an Arab League truce force 13 years ago. No foreign power has the leverage or wisdom to impose a solution, as attested by the failed *interventions of Syria, Israel, France and the* United States. Peace can only grow out of compromise among Lebanese themselves.

There is now reasonably broad agreement on the need to change a political system *weighted in favor of the Christian minority.* And there is also broad agreement on the need to reconcile Syria's security interests with Lebanese sovereignty. The deputies meeting in Saudi Arabia speak for a less intemperate Lebanon. They deserve the world's prayers, and support.

— THE NEW YORK TIMES.

Having It Both Ways

President George Bush wants to have it both ways on the flag-burning issue. He has been saying that a statute to criminalize desecration of the American flag would probably not pass *muster in the Supreme* Court, so he urged Congress to proceed to a constitutional amendment instead. A statute has been passed first, though. Should he sign it, signaling his acceptance of the statutory remedy? Or should he veto it, taking a chance that a constitutional amendment will never be approved?

Neither, it seems. Mr. Bush has announced that he will allow the bill, now on his desk, to become law without his signature. He would preserve the statute while continuing to characterize it as inadequate. This approach has its own logic, of course, but only if you start from the wrong place and want to proceed to something worse.

He may be right about the statute's constitutionality. When the first case of politically motivated flag burning comes before the court, the justices, using the same reasoning as they did in a Texas case this term, could well find that the act is a form of speech protected by the First Amendment. *We hope they do, for we believe that the* court majority — which included conservative justices Antonin Scalia and Anthony Kennedy — decided the original case correctly. Political protest, short of violence, must be protected even when it takes a form *that people understandably find offensive.*

We also hope that the effort to amend the Constitution, which gets under way in the Senate this week, falters. Such an amendment would be the first to take away a civil *liberty protected by the Bill of Rights.* It would clutter up the most valued document in America's history with what amounts to a minor league criminal statute. Polls taken at the end of the summer indicate that the *public's initial strong reaction against the* Supreme Court has abated. Americans are not demanding a constitutional amendment to protect the flag. Yet legislators still seem to be caught up in a frenzy of indignation.

During the House debate on Thursday, Representative Lawrence Smith, a Florida Democrat, maintained that the flag is more important than the rights and freedoms it represents. He has it exactly backward. So do others, including the president, who would diminish the freedom to express a political protest in order to protect the *symbol itself of American liberty.*

— THE WASHINGTON POST.

Other Comment

A Debilitating Balancing Act

It is the confusion between the budget deficit and interest rates that is at the real heart of *Wall Street's malaise. Paul Volcker* gave a prophetic warning on Friday — before the market crash — that the drying up of foreign capital flows which made the 1987 market sell-off turn into a world disaster could very well happen again. "It is a risky strategy to finance ourselves by relying so much on foreign capital. It is a tough balancing act and over time it is inherently debilitating," he added. Alan Greenspan will be under intense pressure to do something dramatic to ease credit. *If he does cave in, it will* damage his credibility as a fighter for zero inflation. How he resolves his dilemma depends on just how black it becomes after the opening bell sounds [on Monday].

— James Strodes, commenting in The Sunday Telegraph (London).

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OPINION

South Africa Heads in a New Direction

By Anthony Lewis

BOSTON — No one can doubt it any longer: Something is happening in South Africa. The new president, F. W. de Klerk, has started on a new political road. Where it will lead is altogether uncertain. But in that long-stalemated society, what he has done in a month in office is breathtaking.

Last week Mr. de Klerk decided to release Walter Sisulu and seven other political prisoners. Most of them had been convicted in the show political trials of the 1960s and sentenced to prison for the rest of their lives. Freeing Mr. Sisulu was as striking a gesture as it was for Mikhail Gorbachev to bring Andrei Sakharov back from exile in Gorky.

Indeed, in political terms it was *far more significant. Mr. Sakharov* speaks for himself. Mr. Sisulu speaks for a movement, the African National Congress, that he helped to shape decades ago with Nelson Mandela.

Mr. de Klerk sent his first signal of change last month when he allowed opponents of the apartheid system to march peacefully in Cape Town, something that had not happened for years. Some marchers carried flags of the outlawed ANC. The police did nothing.

Then government officials *met* black leaders to discuss the Soweto rent strike. Many residents of that huge black township, with a population of more than a million, have been refusing to pay rent to the government in protest against conditions. What was interesting was the makeup of the Soweto delegation.

There can be no acceptance of South Africa — no end of sanctions — unless the process goes on.

It was not the usual collection of people elected to town office in *polls boycotted by more than 90* percent of the residents, people regarded as government pawns. It included Albertina Sisulu, Walter's wife, a powerful figure herself in the *anti-apartheid movement.*

Mrs. Sisulu has been repeatedly detained and banned — that is, forbidden political activity of any kind — during her husband's 25-year imprisonment. She was under a banning order when officials met with her delegation. The government canceled the ban last week.

What do those gestures of Mr. de Klerk's mean? To people accustomed to freedom, they may not sound like much: a few marches, some prisoners released, a meeting *or two. But in the South African* context they are news.

The National Party leaders who have controlled South Africa for the last 40 years have not allowed the *black majority to have any mean*ingful political voice. Opposition to the system of white supremacy was condemned as "treason" or "terrorism" or "communism." Black political leaders were imprisoned, killed, silenced. Against that background, it matters when people can begin to express their aspirations, and when real leaders are recognized.

Moreover, Mr. de Klerk seemed to indicate that he was moving toward acceptance of the ANC, for so long reviled, as a legitimate negotiating partner.

When the news of Mr. Sisulu's release was announced, Mrs. Sisulu was visiting Nelson Mandela in prison; it was their first meeting in 25 years. With them also was the most important union leader today, Cyril Ramaphosa.

The government has said that Mr. Mandela was consulted about the release of the other eight — an *extraordinary statement for a gov*ernment to make about a prisoner. It looks now as though Mr. Mandela will be released when the movement for negotiations has arrived.

Mr. de Klerk knows what more *he must do to open the way for* negotiations: end the ban on the ANC and other organizations, end the emergency, release remaining political prisoners and detainees, *lift the banning orders on others.*

To say that is to understand that the situation is both promising and full of risks.

What Mr. de Klerk has done has raised expectations. If he does not meet them, if he stops now, there *will be new bitterness.*

If he goes on down his new path, he will have to deal with anxieties among his white constituents. Black leaders will have to hold theirs to peaceful means.

The outside world has its part to play. Economic sanctions were a highly significant factor in moving Mr. de Klerk to this point: White South Africans want to be acceptable in the world again. The United States and other countries can welcome what has started but make clear that there can be no acceptance *of South Africa, no end of sanctions,* unless the process goes on.

There is no reason for facile optimism. F. W. de Klerk continues to oppose what most South Africans want: votes for all and a unitary state. But one can now envisage negotiations, and that is a great change.

The New York Times.

Israel Needs a Different Caliber of Leadership

By Stephen S. Rosenfeld

WASHINGTON — Lights, camera, *fantasy.* Yitzhak Shamir, prime minister of Israel, is saying: "Most Israelis and Palestinians are tired of confrontation and wish to speak to one another about the road of prosperity and justice for all. The search for peaceful solutions is the key to a *safe future for Israel, and I make an appeal to all* Israelis to become part of this process."

Electrifying, right? Such a statement would transform the bitter Israeli-Palestinian stalemate overnight. It would signal the change in basic attitude essential to reconciliation. It could not fail to stir the further expressions on the Palestinian side that Israelis need in order to take the risks requisite to peace.

Of course Mr. Shamir has said nothing like this. But the statement itself is entirely valid. Not only does it represent a statesmanlike vision of which Israel's friends would surely like to believe it was capable. It was in fact spoken just the other day, with suitable geographic emendations, by the leader of a somewhat similarly embattled ethnic community, President F. W. de Klerk of South Africa, who is edging into an uncertain *and ragged yet hopeful outreach to his country's* "Palestinians," the blacks.

Mr. de Klerk's initiatives have to them a lift that leaves Mr. Shamir in the glum and invidious position of trailing far behind supposedly benighted, unadaptable South Africa in the crucial category of public peace-seeking.

Important differences exist between the situations of Israel and South Africa. The surest way to antagonize an Israeli has long been to suggest that Israel treats Palestinians in the same racist way that apartheid Pretoria treats blacks. Israelis have not wanted their country even to be mentioned in the same breath with South Africa.

What the two countries unquestionably have shared in the past, however, is an overwhelming reluctance to come to political terms with an alienated and hostile subject population. Specifically, South Africa has denied the claims of black African nationalism and refused to meet representatives of the African National Congress. Israel has denied the claims of *Palestinian nation*alism and refused to meet representatives of the Palestine Liberation Organization.

But compare the leans of the two countries now. The South African government is releasing old ANC prisoners, *countenancing ostensibly* illegal trips by planeloads of white South African citizens to palaver with ANC officials in exile, and is otherwise seeking ways to ease into negotiations on the country's future with this officially *proscribed* "terrorist" *organization.*

Meanwhile Israel is locking up gadfly peacenik Abie Nathan, a citizen who met with PLO chairman Yasser Arafat, for breaking a law — a shameful law for any democratic country to have on its books — forbidding contacts with "terrorist" organizations. Mr. Shamir, author of a plan for elections among Palestinians on the West Bank, has gone into acute political contortions to avoid contacts with the very Palestinians whose cooperation is essential to get his own plan off the ground.

There are plenty of good reasons to wonder whether Mr. de Klerk will work his way through all the tortuous shifts in thought and policy that a political solution in South Africa demands. But he is thinking in new ways; he is listening to critical voices without dismissing them as traitorous or naive; he is challenging orthodox notions of cultural and racial determinism; he is going beyond racial community to show a glimmer of a sense of national community, and he is taking risks with his political base.

Most important, he is moving toward talking with the people whom, he now realizes, he has to *talk to in order to protect his community's fu*ture. This does not ensure a place in history, but it is what earns respect in politics.

Mr. Shamir, sad to say, is on the wrong side of all these questions. To look at the way he strug*gles to elude the helpful diplomatic hand now* being extended to him, however awkwardly, by the United States and Egypt is to bow to the limitations of the man.

Mr. Shamir, for all of his personal courage and devotion to his people, is in the grip of an irredeemably tragic reading of history. It is an understandable Jewish reading, but it denies him the capacity to recognize the changing circumstances that have led many other Israelis who are no less aware of the Jewish tragedy than he to make a very different calculation of what Israel must do to flourish and survive. It must go the way that, perhaps, South Africa has begun to go.

The Washington Post.

The World Perplexes America

By Dominique Moïsi

WASHINGTON — American foreign policy is cautious, perhaps passive. Beyond a natural reluctance in this administration to take risks, the low profile reflects America's uneasy search for a new role in a changing international environment. George Bush's foreign policy is caught between elation and perplexity.

A visitor *spots the elation easily.* Few in Washington swallow the "end of History" rhetoric of Francis Fukuyama that exercised the city during the summer. History continues.

Even fewer would conclude that since History is over, Americans can come home, terminate their unnatural involvement in the affairs of the world. The feeling of "Western victory" is widespread, but it leads less to triumphalism than to a temptation to play, as a nation, the role that the *late French commentator Raymond* Aron assigned himself: that of "engaged spectator."

This wait-and-see, rather passive attitude is reinforced by understandable perplexity in the face of an international environment which is both radically new and fundamentally fragile. The *enemy* is slowly disappearing; perception of the threat, if threat there be, is blurred. *Still, so much depends* on the fate of one individual. Will Mikhail Gorbachev survive? Above all, there seems to be little America could do to affect the course of events.

Displaying a new sense of modesty, this administration tends to encourage others instead of mounting to the front itself. From the Middle East to Europe, from support of the Mubarak peace plan to promotion of a leading role for the European Community in Poland, the United States seems to be regarding itself as an active bystander.

The debate on "decline" that Paul *Kennedy's book touched off nearly* two years ago has faded, but the questions it stirred are still there. The Communist world's admission of failure may be a moral and political victory for the country that embodies democratic pluralism, but it doesn't erase America's economic difficulties, nor a new sense of America's limitations that the recent events in Panama can only reinforce.

In dealing with regional conflicts, can the United States only rely on others, support efforts initiated by others and count on an East-West consensus, in tandem with a weakened and inward-looking Soviet Union, to stand aside?

In Europe, the U.S. dilemma is of another nature. Americans' approach to the Continent reflects their changing sense of priorities, and their bewilderment. The word "Europe" no longer means only Western Europe; events that are accelerating in Eastern Europe have gradually stolen the European limelight. A pan-European logic seems to be obscuring the dynamics of 1992, as if the frustration of societies in the East were dominating the economic logic of the West.

Faced with unexpected developments, the Bush administration reacts with a prudence that may be wise but verges on conservatism. More than ever, nuclear deterrence (even reduced), a conventional presence in Western Europe and support for West European integration are seen as pillars of U.S. policy. Yet the concept of some sort of "common European house" gains weight — because of social upheaval in Hungary, Poland and, tentatively, East Germany, and not as a product of Machiavellian calculation by Mr. Gorbachev. America may legitimately wonder what its future role in Europe will be.

Could America become tomorrow the "balancing" power, in the 19th century sense of the term? The role was played with success by the British, but this time it would mean offsetting the Soviet Union, or perhaps the Japanese. This function may be intellectually appealing, but it seems unsuited to a country whose political culture is based more on emotion than on calculation, and which likes to choose its friends and adversaries not by the rules of the balance-of-power game but in terms of values.

The present U.S. dilemma is made more visible by the absence within the administration of what might be called a conceptualizer. Highly professional and competent, the Bush team shuns intellectual visions as if they were to be feared. After all, Henry Kissinger was brilliant but not so successful in his undertakings.

It remains that with their talk of "beyond containment," Mr. Bush's *strategists are describing the end of* the past more than sketching the future. A sense of vision is needed.

The writer is associate director of the Institut Français des Relations Internationales and editor of its journal, Politique Etrangère. He contributed this comment to the International Herald Tribune.

A Strange Lack of Business Confidence

THE long voyage is over, the climber has reached the cliff top ... The declaration comes from Francis Fukuyama, the American conservative. Stopping the clock, however, has never stopped time getting later.

The Cold War is apparently coming to a close, the ice cap really is melting and breaking up. Industry and finance ought to want an ideology of soaring and struggling and overcoming, to correspond with fantastic opportunities in the biggest unexploited markets on earth — China or the U.S.S.R. But instead they want history to have ended.

This is so strange a portent that I believe it tells the future. Something is deeply and increasingly wrong with world trade. Interest rates are a part of it, but the debt mountain and the crisis of credit are more fundamental. Suddenly capital has lost its faith in change, because it senses that the giant market out there is built on rotten foundations. Perhaps this is the first chill of a big depression. Perhaps it is just a mood of fear which will pass in a year or so. At all events, it is business confidence which is ending. Not history.

— Neal Ascherson, commenting in The Observer (London).

Toward Paralysis in Foreign Policy?

BEYOND the conflicting Latin American reactions to U.S. policy in Panama lies an uncomfortable sensation. It derives from witnessing the United States' helplessness and inaction. The sensation is heightened by the awareness that the arguments being brandished in Washington for or against involvement in the coup, while immoral, are not unsound.

When equally sound arguments surface on both sides of an issue, the result is often paralysis. More alarming, though, the tendency toward paralysis in U.S. foreign policy seems to be of a deep-rooted nature, due more to the weight of history than to personalities, circumstances or luck.

If the Panama fiasco is any indication, U.S. policy toward Latin America may not be any less interventionist than before, but it certainly seems to be undergoing a significant change in the direction of inaction.

— Jorge G. Castañeda, commenting in the Los Angeles Times.

Dow Down: My, What A Surprise!

By Jodie T. Allen

WASHINGTON — So it turns out that buying up companies at inflated prices and loading them down with mountains of debt isn't such a great idea. Who would have guessed it?

This brilliant insight was brought to you on Friday courtesy of the *stock market*, where scores of financial whizzes, in search of the next hot takeover target, had been happily driving the indexes to new highs. The source of the new enlightenment was *sudden squeamishness of the banks* about financing yet another highly leveraged deal — in this case, the planned buyout of UAL Corporation, the parent of United Airlines, by a group that includes British Airways, UAL executives and the airline's pilots' union.

Until then, of course, no one had ever guessed that debt-financed takeovers were anything but an efficient way to restructure corporate assets to maximize their long-term growth poten ...

Wait a minute. Didn't we all really know in our hearts that leveraged buyouts were a, well, dumb idea? Did anyone, even the LBO artists, arbitrageurs and corporate executives who put these deals together and profit so much from them really believe that they were promoting long-term growth rather than just *short-term gains?*

Come to think of it, isn't a lot of America's national economic behavior just downright dumb? And haven't Americans known all along exactly how dumb it is?

Like mindlessly buying nifty consumer goods from abroad — and selling off productive assets, *farms and* factories, to get the money to pay for them. And being afraid to be seriously concerned about the future drain on America's standard of living that *this practice will inevitably produce*, for fear that someone might call us xenophobic or protectionist.

Or playing games about the budget deficit, letting the White House and *Congress conspire to shift expenses* from one year to the next and then back again, or to undercount the real long-term costs of the new programs and tax breaks they are starting up on the sly. The policymakers are secure in the knowledge that people won't take notice because we don't really care. After *all*, we've *all* been running up some pretty big personal bills, too. (Wouldn't it be nice if we could fool our creditors the same way?)

Or letting the president make his top priority an expensive cut in the capital gains tax, despite mounds of evidence that it will add to future deficits and do nothing to foster long-term growth — whereas a cut in interest *rates from a lower budget deficit* surely would be a spur to businesses, especially those laden with debt from our other follies. Never mind the long-term costs, we Americans say to *ourselves, the capital gains cut might* put a few dollars in our own pockets some day. That's good enough for us.

Or failing to invest, through our educational system, in our future work force, spending billions instead on weapons too costly to risk in combat. Or pursuing public-investment strategies that let bridges and roads crumble so that programs with short-term political payoffs can be funded instead.

These seem like pretty obvious cases of rank economic stupidity. Whom are we fooling? Ourselves? Why don't we care enough to do something to head off the unpleasant future that our current public and private habits portend? If we can't *discipline* ourselves, can't *we at least* send a message to our poll-driven political leaders that they ought to whip us into line?

No one should count on Friday's *awakening to sober up our financial* markets. After all, the Big Crash of 1987 — and the more recent souring of some high-profile, junk-bond financed deals — turned out to be only a momentary setback for the deal makers, options traders and programmed buyers.

No doubt the Federal Reserve, the last bastion of discipline on the American policy scene, will put aside its inflation concerns for the moment, as it did in October 1987, and provide *liquidity to help stabi*lize the jittery markets. And the economy is still perking along all right, isn't it? Indeed, as Treasury Secretary Nicholas Brady recently remarked, "It couldn't get much better than it is." So why worry? Dumb luck is better than no luck at all.

But, at least for the moment the markets have learned an important lesson. Or have they?

Or, more to the point, have we?

The Washington Post.

100, 75 AND 50 YEARS AGO

1889: Don't Die in Paris

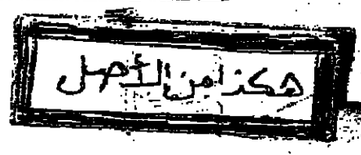
PARIS — Gentle readers of the Herald, you who have painfully learned what it costs to live in Paris, have you any idea what it would cost you to die here? One can ill afford to "shuffle off his mortal coil" in this town. A call by the Herald to the Hotel Bedford resulted in the following conversation with its director: "Is it true, sir, that you charged Mrs. H. 700 fr. for dying here?" "Certainly we did, and that is very moderate. It would have been a third less out of the Exhibition season. If a person dies on the top floor we would not charge him much, perhaps 150 francs; but if he dies in a fine apartment, such as Mrs. H. occupied, he must expect to pay for it. It all depends on what we have to pay for having the bedding, hangings, carpets, etc. cleaned and disinfected. Then there is to be added the rent of the rooms for at least ten days after the decease. No, sir, a person cannot die repectably in Paris for less than 700 francs. And it is worth that."

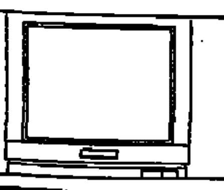
1914: The Philippines

NEW YORK — The House of Representatives, *by a vote of 211 to 59*, has adopted a bill declaring it to be the intention of the United States to grant independence to the Philippines when a stable Government can be established there.

1939: German Evacuees

RIGA — The first boatload of German nationals to be repatriated from Latvia left here today [Oct. 15] aboard the steamer Scharnhorst amidst scenes of grief and confusion. Although there was space for 900 passengers only 480 evacuees sailed. The others scheduled to leave had not yet received authorization from the Latvian government and had to wait in sheds near the dock, sleeping on straw. Because of the large numbers of divorces entailed in the repatriation additional judges have been assigned to the civil courts. Each emigrant is forced to sign a promise to remain wherever he may be sent.

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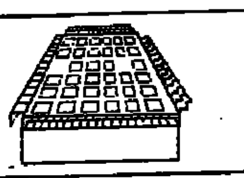
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EUROBONDS

Investors Likely to Await Banks' All-Clear Signal

By CARL GEWIRTZ
International Herald Tribune

PARIS — Activity in the international capital markets can be expected to grind to a halt this week as investors survey the damage inflicted by Friday's collapse in U.S. stock prices. The flight to quality evident in the U.S. bond market late Friday may be repeated in national bond markets throughout the world as investors seek the relative safety of government bonds.

But for buyers as sensitive to currency values as Eurobond investors are, there will be little temptation to rush into paper denominated in dollars.

Even other currency bonds should come under some suspicion, until investors have a clear picture of how the major central banks respond to the stress created by Wall Street's upset.

The last time central banks flooded markets, they helped fuel inflation

While assurances offered over the weekend that central banks will be providing the cash needed to accommodate any strains that could develop in stock markets may reassure equity investors, bond buyers have good reason to find that news unsettling.

That is because the last time central banks flooded money markets to stabilize stock markets, in the 1987 collapse, they also inadvertantly spread the fuel for a burst of inflation a year later.

In October 1987, domestic long-term bond yields fell three-quarters of a point — 75 basis points — in the United States, 24 basis points in West Germany, 53 in Britain and 24 in Japan.

These improvements were lost in all cases in just over a year. British rates, 16 months later, had risen a whopping 4½ percentage points. West German rates were up 46 basis points, Japanese rates had risen 43 basis points and in the United States, they were up 10 basis points.

Given this experience, aggressive easing by central banks to calm the stock markets may actually cause long-term bond yields to move up in anticipation of higher inflation to come.

John Lipsky, analyst at Salomon Brothers, said that "the U.S. Treasury bond market will probably benefit from a continued flight to quality in the near term. But the gain may be quite limited and could be undermined if the easing is deemed too aggressive."

IN ADDITION, INTERNATIONAL investors will have to watch what happens to the dollar, which fell sharply in New York on Friday and is expected to continue sliding. Feeding this decline is the easing of U.S. interest rates and the resulting retraction of the yield advantage that had been buoying both the dollar and dollar securities.

By late Friday, for example, 10-year U.S. government bonds were yielding 7.86 percent, a scant 0.86 percent more than 10-year West German government bonds. Even that advantage is not what it seems, since U.S. inflation, running at about 4.5 percent, is higher than Germany's 3 percent. The real return on West German bonds is some ⅝-point higher than U.S. bonds.

Questions about the dollar's value should make it difficult to sell dollar-denominated Eurobonds.

This reluctance, coupled with dramatic decline in U.S. bond yields that is likely to follow from the Fed's easing and the domestic rush to quality will also cause a widening in Eurodollar bonds' spreads over Treasury paper.

Ultimately, this could have a beneficial effect on the secondary market, where speculators might be tempted to buy Eurobonds once the yield over Treasury rates had widened in the expectation of a capital gain when price relationships return to more normal levels and the margin narrows.

Issuing activity in the market for equity-linked Eurobonds — until now the most active sector of the international market, thanks to issues by Japanese companies — will no doubt halt until fears about a stock market upset have been put to rest.

The weak dollar and higher real returns available on Deutsche mark bonds should reopen the long-dormant markets for bonds denominated in Continental currencies as well as the European Currency Unit, assuming that the central banks do not frighten investors by an overly aggressive easing of monetary policy.

Of note among last week's issues was the $150 million of 10-year bonds floated by General Electric Capital of Canada. The paper was issued under the new-style syndication procedures with paper available to investors at a price to yield 58 basis points over Treasury bonds. The pricing was deemed adequate.

Of more interest was the fee paid to underwriters — 32½ basis points. This is below the 37½ basis points the World Bank paid last month to banks underwriting its $1.5 billion of global bonds.

Bankers can argue over how much the charge ought to be, but clearly one merit of the new-style syndication is the transparency it provides in how banks compete to win business by shaving fees paid to underwriters.

Sir John Egan, Jaguar's chief executive: Is his insistence on keeping the British manufacturer independent a realistic goal? The New York Times

Jaguar, Limping or Not, Is Worth Fighting For

By Doron P. Levin
New York Times Service

DETROIT — Jaguar PLC has been hurt by stiff competition from Japanese luxury cars and unfavorable currency fluctuations, but the British manufacturer has proved that its sedans can motivate the world's most affluent car buyers to shell out $40,000 to $50,000 or more by offering a blend of old-world styling, soft leather and richly grained wood.

While rival car makers can equal and surpass the technical characteristics of a Jaguar, very few have been able to create as strong an aura of aristocracy and privilege as has surrounded the Jaguar name.

Now Ford Motor Co. and General Motors Corp. have become rivals in a contest to either buy Jaguar or form a strategic alliance with it.

"Ford and GM recognize the value of the Jaguar brand — it's very, very strong in the U.S. market," said J. David Power, an automotive marketing consultant.

Last week, GM disclosed that it was in negotiations with Jaguar to form an alliance. That followed Ford's announcement last month that it was asking permission from the British government to purchase up to 15 percent of the company.

On Friday, Ford disclosed that it held 5 percent of Jaguar's stock.

How Jaguar can fend off Ford while striking a deal with GM is not clear yet. Jaguar's decision to seek a partner, however, has been a reluctant but inevitable one by its management, stemming from its pressing need for a huge and immediate cash infusion to meet development costs for future products.

The nature of Jaguar's negotiations with GM, which follow unsuccessful talks in 1988 with Ford and discussions with almost every major car manufacturer, underscore the vast and growing cost of membership in the international automotive industry, which small companies like Jaguar no longer can bear without outside help or state ownership.

Ford wishes to buy Jaguar outright, but Sir John Egan, the company's chief executive, would like to avoid that. Financial analysts are skeptical, however, that independence is a realistic goal.

After several weeks of spirited trading in Jaguar securities, risk arbitragers now are believed to own as much as 30 percent of the company, according to an estimate by Charles J. Brady, an automotive analyst with Oppenheimer & Co.

Short-term investors probably would favor an auction of Jaguar to the highest bidder, Mr. Brady said. In order to sell GM any shares it holds in its treasury, Jaguar must request shareholder permission.

Until the end of 1990, the British government has veto power over any hostile bid for Jaguar, but the veto may be withdrawn if Jaguar requests it.

A concrete proposal to join forces with GM almost certainly would be challenged by Ford and other Jaguar shareholders.

Despite a lackluster financial performance this year, Jaguar is not faced with an immediate crisis. But with growing and more sophisticated worldwide competition in the luxury and high-performance segments, Jaguar believes it must quickly bring to market a sports car it calls the F type.

It also wants to introduce more advanced engines and updated body styles for existing models. Currently, Jaguar offers variants of its XJ6 sedan and XJS coupe.

The cost of each new product is measured in the hundreds of millions of dollars. Jaguar might have been in a position to meet those costs if the dollar had not weakened in 1985, crippling its financial performance in the United States, its most important market.

Like many European car makers that are trying various price promotions to win back buyers, Jaguar, for the 1990 model year has offered an "entry level" XJ6 sedan at the retail price of $39,700, which compares with $43,500 for a 1989 model.

The potential benefits for Ford and GM in seeking an association with Jaguar are somewhat unclear. Specifically, how would they capitalize on Jaguar's prestige?

Both of the giant American car makers are weak in the United States and in Europe in the top segments of the luxury car market. In Europe, GM's Opel Senator, a luxury model, gets high marks technically but suffers because Opel is perceived as a working man's car.

In the United States, Cadillac has attempted to create a European luxury car with the Allante, but sales have been below expectations.

Paris Rejects Call for Weaker Franc vs. Mark

Compiled by Our Staff From Dispatches

PARIS — The French finance minister, Pierre Bérégovoy, on Sunday rejected a West German call for the franc to be allowed to weaken against the Deutsche mark.

The French franc will remain stable against the mark, he said, and there are no plans to make any adjustments.

Earlier Sunday, Otto Lambsdorff, former West German economics minister and leader of the Liberal Party, a partner in the country's ruling coalition, urged France to accept a readjustment of the mark and the franc within the European Monetary System.

In an interview with the private French television channel, TF1, Mr. Bérégovoy called for cooperation among European governments on fiscal-policy issues, but said, "I lean toward monetary consolidation and would not accept under any circumstances a decoupling with the Deutsche mark."

Mr. Lambsdorff's remarks were seen as reflecting growing pressure from Bonn to adjust the two currencies' rates within the EMS, a mechanism that provides limits within which several major European currencies fluctuate against each other.

"The mark is significantly undervalued and the franc is significantly overvalued," Mr. Lambsdorff told reporters.

Mr. Lambsdorff said he realized that his call could upset Paris, but added that if the French continued to block a readjustment, it would be a "bad omen" for the enlarged monetary system being discussed by the European Community.

Seven European currencies are tied to the EMS exchange-rate mechanism, which sets fixed but adjustable parity ranges. The last realignment was in January 1987.

The franc has held fairly stable against the mark in recent months. But Mr. Bérégovoy said last week that the stability of the currency was one reason why France raised key short-term interest rates on Oct. 5, simultaneously with an official rate rise by West Germany.

On Friday, the mark ended at 339.33 French francs per 100, up from the 339.05 on Thursday, mainly boosted by funds coming into the West German currency because of the dollar's weakness.

The mark's permitted EMS ceiling is 343.05 francs per 100.

In other remarks Sunday, Mr. Bérégovoy said that the economic policies of the British prime minister, Margaret Thatcher, had failed.

"France's policy is not that of Mrs. Thatcher. There you have a liberal policy, a wild liberalism that is in the process of failing," he said.

Mr. Bérégovoy blamed U.S. indebtedness and "savage capitalism" for last week's fall in Wall Street stock prices, but he urged investors to remain calm.

"What is at cause is the indebtedness of the United States, the fact that this country does not have enough savings," he said. He noted that in the United States, one can "buy companies by building up debt at terribly high rates in order to resell them in parts — and make illicit profits."

He said there must be "rules to the game" because "savage capitalism is showing us the kind of catastrophe it can lead to when it goes unchecked." *(Reuters, AFP)*

France Denies It Has Role In Bids by State Concerns

Reuters

PARIS — A senior Industry Ministry official has denied that the government has prior knowledge of the acquisition plans of France's state-owned companies.

The official, Jean-Pierre Jouyet, was reacting Saturday to a report that the government has approved a plan to allot 40 billion francs ($6.16 billion) in funds for nationalized firms by the end of 1993. The money allegedly was to be used for foreign acquisitions.

Mr. Jouyet, a top aide to Industry Minister Roger Fauroux, said that the 40 billion francs was only an internal estimate by the ministry of the state companies' new capital requirements.

In addition, he said that the government was not kept informed as to which acquisitions its companies had targeted: "The heads of state firms do not inform the ministry of their intentions."

He added that the ministry was informed about state companies' acquisitions only as they were concluded and on a case-by-case basis. He also denied that the government had a centrally-coordinated plan in this area.

■ Canada May Block French Bid

The Canadian government has indicated that it may block the sale of a vaccine maker, Connaught BioSciences Inc., to a French company for 942 million Canadian dollars ($800 million), Reuters reported from Toronto.

The industry, science and technology minister, Harvie Andre, told Institut Mérieux SA on Friday that he was not satisfied that the proposed acquisition "is likely to be of net benefit to Canada."

The minister was speaking after a ruling by Canada's foreign investment review authority. Alan Nymark, executive vice-president of Investment Canada, would not say whether the authority had recommended approval or disapproval. The company has 30 days to make further representations to the agency.

A Mérieux spokesman, Richard Wertheim, said the French firm was surprised and disappointed with the ruling. He said that nationalist sentiment, recently whipped up by critics who claim Canada is selling its high-technology future to foreigners, may have contributed to the decision.

Warner and Sony Trade Suits Over Columbia

Compiled by Our Staff From Dispatches

TOKYO — Sony Corp. and Time Warner Inc.'s Warner Brothers unit have filed lawsuits against each other in connection with the Japanese electronics giant's planned acquisition of Columbia Pictures Entertainment Inc.

The Warner Brothers suit, filed Friday, contends that Sony coerced Peter Guber and Jon Peters, the producers of "Batman" and other major pictures, to scrap their five-year film production contract with Warner Brothers to become co-chairmen of Columbia Pictures, the Japanese company said.

Warner Brothers has demanded that Sony and the two producers pay a total of $1 billion in compensation. The suit also asks for a permanent injunction barring the two from accepting employment outside of their contract.

In a statement Saturday, Sony said it regretted that Warner Brothers had resorted to a court battle while they were still negotiating.

The lawsuit was filed after two weeks of talks between Warner Brothers and Sony over the future of Mr. Guber and Mr. Peters, and only a few days after after Sony said it was satisfied that the Warner Brothers contract would not prevent the two men from moving to Columbia.

Sony agreed late last month to buy Columbia pictures for $3.4 billion and to pay $200 million for Guber-Peters Entertainment Co., the film concern headed by Mr. Guber and Mr. Peters.

Late Friday, Sony's U.S. arm, Sony USA Inc., Mr. Guber and Mr. Peters revealed they had jointly filed a lawsuit against Warner Brothers, alleging that it was trying to "sabotage" Sony's acquisitions of Columbia and Guber-Peters.

The lawsuits were filed in U.S. court in California, Sony said.

Mr. Guber and Mr. Peters claimed that Warner Brothers falsely asserted that they have an exclusive deal with Warner Brothers that prevents them from accepting senior management positions at Columbia.

But Warner Brothers disagrees. "It is the most flagrant case of inducement to breach a contract in corporate history," a spokesman.

"Guber and Peters did not have the right to terminate their contract with Warner Brothers," he added. "This was recognized by Sony when it originally required Guber and Peters to obtain a release from their exclusive contract with Warner Brothers.

He added, "Sony then dropped this requirement and indemnified Guber and Peters against damages because of their breach of the Warner Brothers contract."

Sony asked the court to confirm its partnership with the two film producers and demanded compensation for damages from Warner Brothers of more than $100 million, the Japanese company said.

Sony has named Mr. Guber and Mr. Peters chief executives of Columbia at annual incomes of $12.75 million each, on condition that Sony complete the acquisition of Columbia and that the producers' contracts with Warner Brothers are broken.

Warner Brothers contended that Sony, Michael Schulhof, a Sony executive, and Walter Yetnikoff, chairman of the Sony subsidiary CBS Records, secretly offered the two men "the most lucrative package of financial inducements in the history of the film industry."

(AFP, NYT, LAT, AP)

Currency Rates

Cross Rates Oct. 13

	$	£	D.M.	F.F.	It.L.	Gldr.	B.F.	S.F.	Yen
Amsterdam	2.158	3.345	1.1284	0.3327	0.1539 *	—	5.373 *	1.2847	1.4911 *
Brussels(a)	40.21	62.24	20.9985	6.187	2.8655 *	18.606	—	23.8935	0.2773
Frankfurt	1.9022	2.962	—	0.2947	0.1363 *	0.8862	4.762 *	1.1382	1.321 *
London (b)	1.5655	—	2.9605	10.0333	2,172.50	3.338	62.295	2.576	223.97
Milan	1,395.00	2,174.00	733.78	216.23	—	650.50	34.962	835.50	9.689
New York(c)	—	1.581 b	1.872	6.333	1,370.50	2.1115	N.A.	1.641	141.95
Paris	6.497	10.056	3.3927	—	0.4626 *	3.007	0.1616	3.8613	4.4775 *
Tokyo	143.80	223.99	75.51	22.27	0.1032	66.92	3.5995	86.11	—
Zurich	1.6653	2.6015	0.8787	0.2591	0.1197 *	0.779	4.1669 *	—	1.167 *
1 ECU	1.0802	0.6944	2.0561	6.9763	1,508.99	2.3281	43.1742	1.806	155.706
1 SDR	1.2581	0.8074	2.3931	8.1736	N.Q.	2.7149	59.5866	2.1022	18.0972

Closings in London and Zurich, fixings in other centers. New York closing rates.
*a: Commercial franc; b: To buy one pound; c: To buy one dollar; *: Units of 100; N.Q.: not quoted; N.A.: not available.*

Other Dollar Values

Currency	Per $	Currency	Per $	Currency	Per $	Currency	Per $
Argen. austral	615.00	Fin. markka	4.348	Mex. peso	2598.00	S. Afr. rand	2.7265
Austral. $	1.3005	Greek drac.	168.70	N. Zealand $	1.72	Soviet ruble*	0.632
Austr. schil.	13.39	Hong Kong $	7.8078	Nig. naira*	5.2995	Span. peseta	120.90
Brazil cruz.	4.252	Indian rupee	16.83	Norw. krone	7.05	Swed. krona	6.5435
Canadian $	1.1743	Indo. rupiah	1777.00	Phil. peso	20.98	Taiwan $	25.49
Chinese yuan*	3.7221	Irish £	0.7161	Port. escudo	161.85	Thai baht	25.82
Danish krone	7.414	Israeli shek.	1.985	Saudi riyal	3.748	Turkish lira	2240.00
Egypt. pound	2.5832	Kuwaiti dinar	0.2975	Sing. $	1.967	UAE dirham	3.6701
		Malay. ring.	2.6965	S. Kor. won	669.50	Venez. boliv.	38.00

*New York rates unless marked * (local rate.)*

Forward Rates

Currency	30-day	60-day	90-day	Currency	30-day	60-day	90-day
Pound Sterling	1.5489	1.5403	1.5329	Canadian dollar	1.1777	1.1811	1.1843
Japanese yen	143.68	143.40	143.14	Swiss franc	1.6696	1.6689	1.6680
Deutsche mark	1.9014	1.9009	1.9005				

Sources: Indosuez Bank (Brussels); Banca Commerciale Italiana (Milan); Banque Nationale de Paris (Paris); Bank of Tokyo (Tokyo); IMF (SDR); Gosbank (ruble). Other data from Reuters and AP.

Last Week's Markets

All figures are as of close of trading Friday

Stock Indexes

United States	Oct. 13	Oct. 6	Ch'ge
DJ Indus.	2,569.26	2,785.52	—7.76 %
DJ Util.	211.96	218.69	—3.08 %
DJ Trans.	1,406.29	1,504.62	—6.54 %
S & P 100	309.86	333.55	—7.10 %
S & P 500	333.63	358.78	—7.01 %
S & P Ind	379.68	409.42	—7.26 %
NYSE Cp	185.55	198.54	—6.54 %
Britain			
FTSE 100	2,233.90	2,277.50	—1.95 %
FT 30	1,818.00	1,857.80	—2.08 %
Japan			
Nikkei 225	34,844.00	35,209.00	—1.05 %
West Germany			
Commerzbk	2,000.50	2,044.40	—2.15 %
Hong Kong			
Hang Seng	2,793.45	2,826.21	—1.17 %
World			
MSCIP	533.40	546.50	—2.40 %

Money Rates

United States	Oct. 13	Oct. 6
Discount rate	7.00	7.00
Federal funds rate	8⅝	8 13/16
Prime rate	10½	10½
Japan		
Discount	3¼	3¼
Call money	6 17/32	5⅝
3-month interbank	6 9/32	5 23/32
West Germany		
Lombard	8.00	8.00
Call money	8.00	7.95
3-month interbank	8.20	8.00
Britain		
Bank base rate	15.00	15.00
Call money	15⅛	14 15/16
3-month interbank	15⅛	14 13/16

Gold	Oct. 13	Oct. 6	Ch'ge
London p.m. fix.$	363.20	363.00	+ 0.06 %

World Index From Morgan Stanley Capital Int'l.

Group Bids For Hooker's U.S. Interests

By Isadore Barmash
New York Times Service

NEW YORK — A group of British and American investors said Sunday that it had offered $409 million for the American real estate operations of L.J. Hooker Corp.

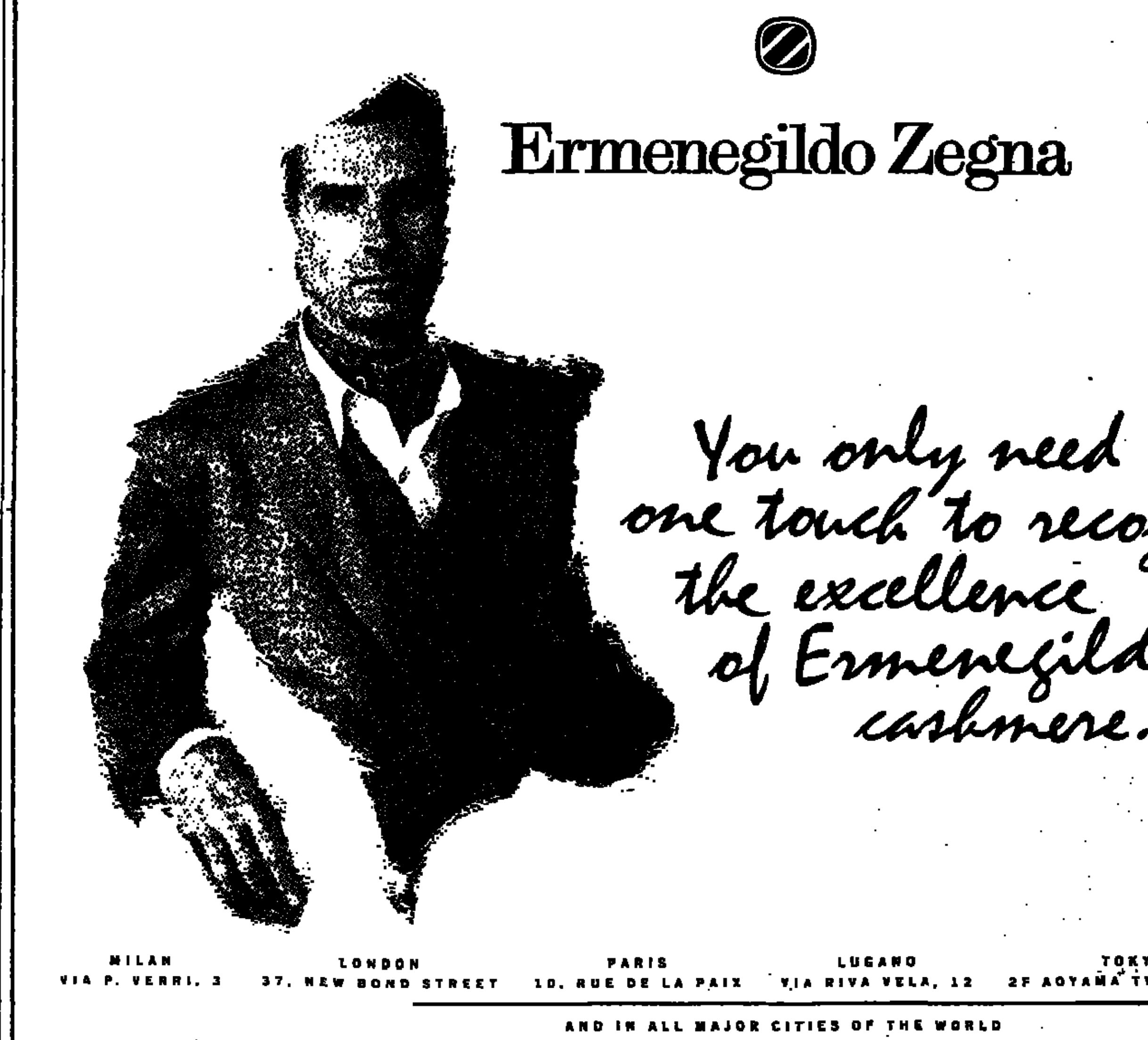
Hooker, the U.S. arm of Hooker Corp. of Australia, owns the B. Altman and Bonwit Teller stores, which are operating under Chapter 11 bankruptcy protection.

The offer does not include the real estate of B. Altman's seven stores, which is owned by a New York real estate group, or the real estate of Bonwit's 16 stores, which are leased.

In Los Angeles, Michael Sitrick, spokesman for Sanford Sigoloff, the chairman of the Hooker operations in the United States, said no offer had been received from the group, which consists of Hoare Govett, a London investment bank; the Shidler Group of Honolulu, a real estate developer, and the Simpson Organization, an Atlanta-based investment and development concern.

A. Boyd Simpson, a principal in the Simpson group, was a senior executive of L.J. Hooker from 1979 to 1988.

"We have not seen or received it," Mr. Sigoloff said in a statement. "As we explained to Mr. Simpson and his representatives the last time we spoke, we have a fiduciary responsibility to see to it that all Hooker asset sales are in the best interest of the company and its creditors."


Ermenegildo Zegna
Jackets, suits,
overcoats and accessories
all have that wonderful softness
of "white" cashmere,
the cashmere
that comes only
from Inner Mongolia.
One touch
is enough.
You only need one touch to recognize the excellence of Ermenegildo Zegna cashmere.
MILAN VIA P. VERRI, 3
LONDON 37, NEW BOND STREET
PARIS 10, RUE DE LA PAIX
LUGANO VIA RIVA VELA, 12
TOKYO 2F AOYAMA TWIN TOWER
NEW YORK 743, FIFTH AVENUE OPENING FEBRUARY 1990
AND IN ALL MAJOR CITIES OF THE WORLD

مكتبة من الاصل

Weekly International Bond Prices

Provided by Credit Suisse First Boston Securities, London, Tel.: 01 323 11 30
Prices may vary according to market conditions and other factors.

Oct. 12

Dollar Straights

Europe pre 1995

Issuer	Con	Mat	Price	Yld Mat	Spd Trsy
Algemene Bk	9¾	94	101½	8.71	+56
Austr Control	10	91	101⅛	8.81	+65
Austr Control	8¼	93	98⅜	8.97	+59
Austr Contr S2	9¼	94	99¾	9.44	+138
Austr Control	9¾	94	102⅞	8.64	+48
Austra Wheat	9½	93	101⅞	8.92	+73
Austria	9¾	93	102⅞	8.67	+48

Europe post 1994

Issuer	Con	Mat	Price	Yld Mat	Spd Trsy
Australia	11	95	109½	8.76	+60
Australia	11¼	95	111⅛	8.91	+74
Austria	11¼	95	109⅝	8.83	+68
Austria	7¾	97	95	8.69	+47
Austria	8¾	00	99⅞	8.72	+52

DM Straights

Dollar Zero Coupons

DM Zero Coupons

ECU Straights

Yen Straights

Listing above does not include floating rate notes or convertibles. Coupon, price and yield are expressed in percent.
For dollar-denominated issues, Spd/Trsy is differential between yield to maturity of bond and yield on U.S. Treasury's issues with the same maturity, expressed in basis points.
Prices and yields are all on a bid basis.
Pp: private placement.
W/w: with warrants.
X/w: ex warrants.

The Daily Source for International Investors.

Herald Tribune

Mutual Funds

Figures as of close of trading Friday Oct. 13

NEW YORK (AP) — The following quotations, supplied by the National Association of Securities Dealers, Inc., are the prices at which these securities could have been sold (Net Asset Value) or bought (value plus sales charge) Friday.

	Bid	Ask
AAL Mutual:		
CaGr p	10.55	11.08
Inco p	9.66	10.14
MuBd p	9.90	10.39
AARP Invst:		
CaGr	32.90	NL
GiniM	15.13	NL
GenBd	15.22	NL
GthInc	25.23	NL
TxFBd	16.87	NL
TxFSh	15.19	NL
ABT Funds:		
Emrg p	11.87	11.42
GthIn p	10.92	11.46
SecIn p	10.77	11.31
UtlIn p	12.73	13.36
AdsnCa p	17.45	17.99
ADTEK	10.09	10.09
AdvmG p	9.18	9.61

NL — No initial sales load. f — Previous day's quote. r — Redemption charge may apply. x — Ex dividend.

هكذا من الاصل

WALL STREET TURMOIL: Credit markets show split reaction, other stock exchanges trend lower, some executives see benefits.

Bourses Hit By Sharp Dow Decline

Compiled by Our Staff From Dispatches

WELLINGTON — The New Zealand stock market's key indicator fell Monday by an estimated 239 points, or 10.7 percent, after an hour's trading, brokers said.

The market, the first of the world's exchanges to open this week, fell further after the Barclays Index opened an estimated 180 points below its close on Friday, when Wall Street stocks plunged.

The Barclays Index is officially calculated at the end of trading, but the Ord O'Connor Grieve brokerage said it estimated the index was down 239 points in the first hour.

The Barclays Share Price Index futures contract dropped to 2,072 after opening at 2,100 from 2,314 at Friday, while Fletcher Challenge, a widely followed stock, was down 48 New Zealand cents (28 cents) to 4.40 dollars.

Prime Minister Geoffrey Palmer appealed for calm on the stock market and said the government would not loosen economic policy in the face of the sharp drop in prices.

"Adjusting your economic policy to deal with a stock-market aberration is not a very good principle and it would not be one that I would advocate," he said at a news conference.

The sharp drop in New York stocks on Friday had dragged down prices on exchanges that were open over the weekend.

Israel's stock exchange witnessed frantic trading and a 6.9 percent drop in share values on Sunday, officials said.

"What is happening here is a reaction to the news coming from New York on Friday," said Yossi Nitzani, director of the stock exchange.

He said trading was three times its usual volume and that the decline was the exchange's sharpest since October 1987, when Israeli share values were off 8.5 percent in reaction to the New York collapse.

Analysts said the Tel Aviv market was far too small and unconnected to other world exchanges to indicate reliably whether the Wall Street sell-off was likely to prompt a global collapse similar to that of October 1987.

In Tapei on Saturday, prices fell 2.5 percent in a two-hour session marked by panic selling.

The weighted index fell 252.65 points to finish at 10,019.68, compared with 10,272.33 at the close on Friday.

Taipei brokers said that the Taiwan market would become even more volatile this week as investors watched the direction of trading in New York.

On Saturday in Seoul, however, share prices rose for the fourth straight session, as buying interest spread to iron, nonferrous metal and financial sectors, brokers said.

The composite index closed at 934.41, up 1.99 points from Friday.

(AP, Reuters)

CEOs' Silver Lining: A Pause in Takeovers

By Mark Potts
Washington Post Service

WASHINGTON — Chief executives of some of the largest U.S. corporations said over the weekend they saw a silver lining in the stock market plunge on Friday: It may, they hope, bring bring a pause to takeover mania.

"From the point of view of the merger hysteria, if some of that fluff has been shaken out, that's not all bad," said James W. Kinnear, president of Texaco Inc.

Mr. Kinnear, whose company has had a brush with the corporate raider Carl C. Icahn, was speaking at the semmiannual meeting of the Business Council in Hot Springs, Virginia. The group comprises 100 chief executives from major corporations, and others expressed similar sentiments.

Noting that Friday's last-hour stock market slide, which carried the Dow Jones industrial average down 190 points, began with the collapse of the deal to take over UAL Corp. and spread to stocks seen as having takeover potential, the executives said they hoped themarket's sudden decline would send a signal that the heyday of the corporate raider is over — at least for now.

In particular, they said, the selling surge may suspend the trend of leveraged buyouts, in which a company is taken deeply into debt to pay for its acquisition. The UAL deal ran into trouble when the employee-led group seeking to buy the airline was unable to arrange financing.

"I think this was a reaction to LBOs," said Roger B. Smith, chairman of General Motors Corp., referring to the market collapse. "I think it said the LBOs are a very dangerous market venture. That's what it said to me."

Rand Araskog, chairman of ITT Corp., said the market appeared to be forcing a discipline on takeovers that government regulators seemed unwilling to undertake. "No one down in Washington seems to care about anything other than a free market. I think there's a failure to govern," Mr. Araskog said. "The whole thing is crazy. Everybody knows it, but nobody stops it."

Several of the executives interviewed said they did not expect the downturn to persist, in part because Friday's sell-off was largely concentrated in stocks that had been perceived as takeover targets.

"If you're asking me if anything fundamentally happened — to drive down the stock market, I'm not aware of it," said Allen E. Murray, chairman of Mobil Corp.

"There's nothing in the economy that suggests that all of a sudden there should be a sudden change in the markets," said John G. Smale, chairman of consumer products giant Procter & Gamble Co.

Junk Bond Market Freezes as N.Y. Stocks Plunge

Compiled by Our Staff From Dispatches

NEW YORK — Trading in high-yield junk bonds froze on Friday as dealers either did not answer telephone calls or quoted issues at such low levels that mutual and pension fund managers turned to other institutions to sell bonds, investors said.

But the U.S. government bond sector rallied as sellers of stocks and risky debt securities sought a safe place to put their cash.

In the market for high-yielding bonds, dealers were "unwilling to stand up and make markets," Robert M. Wallace, president of Gateway Advisers, an investment management firm in San Jose, California, said Friday. These so-called junk bonds pay higher interest than many investments, but that is because the market judges the issuers of the securities less creditworthy than other borrowers.

As Wall Street stocks plunged debt of RJR Holdings Inc., the largest and most actively traded junk bond issue, fell 5 points, or $50 for every $1,000 face amount.

Bonds of Harcourt Brace Jovanovich Inc. fell 4 points, after losing more than 7 points in previous days since the company announced the sale of its Sea World theme parks to Anheuser-Busch Inc. for less than the market had anticipated.

Because of the declines in these well-known bonds, investors began selling issues of other companies.

As a result of this increased turmoil, some mutual fund managers, nervous about further redemptions from their individual shareholders, were trying to sell bonds to other money managers to raise cash.

Worried investors have been selling junk bonds because some consumer-oriented companies such as Campeau Corp., the troubled department stores concern, have been having difficulty making their debt payments.

Fears have grown that many of these highly leveraged companies will not be able to pay their debts

U.S. CREDIT MARKETS

because they are not able to sell subsidiaries and other assets for as much as they had previously planned.

As with stocks, the junk-bond market was hit on Friday by news that the an employee-led consortium had been unable to raise bank financing for its $6.75 billion bid for UAL Corp.

"If they can't get financing for the UAL deal, the investment community is going to take a real hit," said Larry Wachtel, an analyst with Prudential-Bache Securities Inc. "It's going to be a real disaster."

In addition to Campeau, which needed a bailout from investors when it could not meet its bond payments last month, the junk market has been unnerved by a series corporate disasters recently.

Companies with high-interest debt problems right now include Western Union Corp. and Ramada Inc. and analysts predict the list may grow as financing dries up and prices for asset sales decline.

One can "no longer count on selling something for a higher price tomorrow," because banks are not lending for such transactions, said Charles Clough, investment strategist for Merrill Lynch & Co.

In the market for U.S. Treasury securities on Friday, a so-called flight to quality and away from riskier investments sent prices of government bonds soaring and yields plunging.

As investors sought refuge in the market, rates on three-month Treasury bills tumbled 52 basis points, to 7.20 percent on Friday, while rates for six-month bills dropped 48 basis points, to 7.18 percent. The three-month rate was down from 7.57 percent a week earlier, while the six-month rate was down from 7.60 percent.

Earlier on Friday, Treasury securities prices declined slightly on news that the September Producer Price Index jumped 0.9 percent in September, compared with a 0.4 percent fall in August. A rise of 0.5 percent in September retail sales also temporarily depressed bond prices.

But as the stock market plunged later in the day, Treasury bond prices soared.

The Treasury's bellwether long-term bonds, the 8⅛ percent issue maturing in 2019, surged by two full points, or $20 for each $1,000 of face value, to 102 30/32. This cut the long-term bond's yield to 7.86 percent, its lowest since Aug. 2, when it was 7.84 percent.

The Friday finish compared to a close the previous week of 101 10/32 to yield 8.01 percent.

(NYT, LAT, Reuters)

Treasury Bonds

Oct. 13

Maturity	Close Bid	Close Ask	Yield	Wk.-ago yield
31.09.91	101 14/32	101 18/32	7.52	8.09
15.08.92	100 20/32	100 22/32	7.62	8.09
30.09.93	102 0/32	102 2/32	7.65	8.08
15.11.94	102 10/32	102 12/32	7.68	8.02
15.07.96	101 6/32	101 8/32	7.78	8.07
15.06.99	101 10/32	101 12/32	7.80	8.04
15.02.06	N.A.	N.A.	N.A.	8.12
15.08.19	103 12/32	103 14/32	7.63	8.01

Source: Salomon Inc.

U.S. Consumer Rates

Oct. 13

Tax Exempt Bonds Bond Buyer 20-Bond Index	7.32 %
Money Market Funds Donoghue's 7-Day Average	8.60 %
Bank Money Market Accounts Bank Rate Monitor Index	6.42 %
Home Mortgage, FHLB average	9.95 %

Source: New York Times.

PLUNGE: *Lower Dollar Eases Interest Rate Pressures*

(Continued from Page 1)

and strategy to keep global adjustment on track."

In addition, there seems to be disagreement among U.S. officials. Alan Greenspan, chairman of the Federal Reserve Board, last week made statements considered critical of the Treasury's policy of intervention in world currency markets to hold down the value of the dollar. Such intervention had been coordinated among the members of the Group of Seven: Britain, Canada, France, Italy, Japan, the United States and West Germany.

High on everyone's list of sinners now, as in 1987, is the United States and its repeated failure to reduce its budget deficit.

"Anytime you get this kind of drop it's a signal that something's wrong," said Steven Blitz, a U.S. portfolio manager, referring to Friday's 190-point loss on the Dow Jones index, In this case, Mr. Blitz said, the signal is "that the United States does not have its economic house in order, that the budget process in this country is not working, that monetary policy is too tight.

"The Fed can't simultaneously run an anti-inflation policy and an exchange rate policy over an extended period. It's trying to fight too many fires with only one tool," Mr. Blitz said.

As the 1987 collapse demonstrated, national financial markets today are linked together as never before, with extreme price disruptions in one major market easily spilling over into others.

The unparalleled expansion in international portfolio holdings over the past few years, with the Japanese alone holding an estimated $250 billion in foreign — mostly U.S. — stocks and bonds, serves as the transmission belt by which events in foreign markets affect developments in local markets.

Nonetheless, many analysts dismiss direct comparisons with 1987, when equities markets around the world lost an estimated $1.2 trillion — half of which were outside the United States.

Then the dollar was weak and the Fed and the West German Bundesbank appeared locked in an interest rate war forcing a reluctant Fed to raise rates when it did not want to. The current situation is exactly the opposite — a dollar that is too strong and a Fed holding interest rates up when everyone else would like to see them lower.

"We are now in a period of much more stability," said Wayne D. Angell, vice-chairman of the Fed.

The U.S. Treasury secretary, Nicholas F. Brady, noting that Friday's fall followed a rise of nearly 600 points in the Dow Jones industrial average since the start of the year, said that "the economy remains well balanced, and the outlook is for moderate growth."

The Wall Street crisis last week began when the employee-management group seeking to take over UAL Corp. announced it was unable to borrow all of the $6.75 billion needed from banks to finance the bid.

Coming on top of the recent slump in the market for junk bonds — a major source of financing takeovers — the reluctance of banks to provide the needed finance was taken as a signal that the merger boom is over because the cash needed to pay for acquisitions is no longer available on the scale to which Wall Street had become accustomed.

Speculative fever about which companies were likely to be "put into play" either through a takeover or a management buy-out is credited for having driven stock prices well above levels that otherwise would have been justified.

"The Wall Street firms that do serious valuation work have been saying for months that the market has been overpriced by about 20 percent," said David Hale, an economist for Chicago-based Kemper Financial Services Inc.

Such overvaluation, he added, "was rationalized on the grounds that the market wasn't being driven by traditional valuation formulae but by corporate takeover activity, domestic and foreign. Since takeovers involve paying a premium for the shares, it was argued we could pay a higher price for equities."

Friday's news from UAL, Mr. Hale said, "caused massive selling of 'deal' stocks and that, in turn, raises questions about the arbitragers. Will they get in trouble and be forced to sell stocks and set off a domino effect?"

For the dollar, the Wall Street collapse accomplished within hours what weeks of intense official intervention and concerted interest rate increases outside of the United States failed to achieve.

Banking sources said the UAL financing fell through because Japanese banks were unwilling to participate. Citibank and Chase Manhattan Bank were arranging the financing and were providing $3 billion.

Wall Street speculation was that the Japanese did not like the proposed terms on the debt and were reluctant to participate in a deal that was being sharply contested by UAL's machinist union.

Other speculation laid the blame to Japan's Ministry of Finance.

Like other members of the Group of Seven, the Finance Ministry has been frustrated in its efforts to strengthen the yen against the dollar. Massive intervention and a half-point increase in the discount rate it charges on loans to banks, forced on it by the dollar's reaction to Mr. Greenspan's comment, had scant effect on the exchange rate. Thus, Japanese analysts last week were anticipating some subtle arm-twisting from the government, although at the time no one was sure what form it would take.

Leaning on banks not to participate in financing U.S. takeover activity, one analyst said, was a natural choice. Government officials consider the merger mania to be harmful to U.S. industry because it diverts management attention away from production. Thus, the Finance Ministry did not want Japanese investors to be seen contributing to it.

The ministry's attention was not directed at the banks — they are simply agents, borrowing dollars needed to finance dollar lending — but at the high stakes of investors in Japan who buy the debt from the banks. These investors need to sell yen to buy dollars, contributing to the strength of the Japanese currency.

As far as the central banks' desires to drive down the dollar, the Wall Street collapse accomplished within hours what weeks of intense official intervention and concerted interest rate increases outside of the United States failed to achieve.

The dollar, which early in the day had traded at 1.92 Deutsche marks and 145 yen, ended Friday at 1.8720 DM and 141.95 yen.

The dollar is expected to continue falling. Simon Crane, a London-based analyst, said that "the dollar will test its long-term support levels — 1.845-1.86 DM and 139.60 yen. These are key levels, and if the dollar fails to hold there is no reason for the decline to stop before 1.79 DM and 135.5-136 yen."

Kurt Viermetz, treasurer at J.P. Morgan in New York, said, "Everyone was long the dollar." Despite official efforts to drive the currency down, he added, the prevailing mood in the market was that the dollar would recover. "The dollar was overbought" and in the current nervous environment "it can only go lower," he said.

Roland Scharff, treasurer at Hessische Landesbank in Frankfurt, said, "I have no doubt that by the end of October the dollar will be trading at 1.80 DM. The currency is totally overbought."

Analysts said it was the Tokyo response to the Friday events that would tell the world whether New York's loss was simply a domestic correction of inflated asset prices or whether, like the collapse in October 1987, it signals the start of a global crisis.

That is not just because Tokyo is the first major market to open after the plunge in New York on Friday. In the view of many U.S. and European analysts, Japanese stock prices with their astronomic valuations relative to company earnings are the biggest and most-sustained bubble in the financial world.

A bust in Tokyo that would halt the outflow of capital from Japan and possibly even drive investors to raise cash by liquidating foreign assets, is a calamity scenario that haunts analysts.

But Richard Koo, an analyst at Nomura Research Institute in Tokyo, said that it is a possibility that Japanese money coming out of the U.S. market would be reinvested in Tokyo and help support prices.

FED: *Central Bankers Are Seeking to Limit Shock Waves From Slump*

(Continued from Page 1)

reason for such an exaggerated fall in London share values," it said.

European central bank officials said there were no immediate plans for an emergency meeting of the Group of Seven, but that officials had discussed over the telephone how to react on Monday when Far Eastern and European stock markets reopen.

The eyes of the central bankers are chiefly on the Tokyo and Hong Kong markets, because they are expected to set the tone for Wall Street on Monday.

Officials of the Fed, the U.S. Treasury and the Securities and Exchange Commission were consulting and coordinating with authorities of those countries to prepare for the openings.

The U.S. budget director, Richard G. Darman, said Sunday that top financial officials, including Treasury Secretary Nicholas F. Brady and Fed chairman Alan Greenspan have been in "close contact and will do what's prudent and sensible."

Mr. Darman, speaking on "This Week With David Brinkley," ducked predictions about the market's behavior. But several senators emphasized the sharp difference between conditions now and those two years ago.

"The procedure to protect against 'melt-down' is much more sophisticated now than it was then," said Senator Lloyd Bentsen, Democrat of Texas and chairman of the Senate finance committee.

Thus far, the Fed has refrained from issuing a reassuring public statement of the sort that it made after the 1987 collapse, when Mr. Greenspan affirmed the central bank's "readiness to serve as a source of liquidity to support the economic and financial system."

The Fed official said that based on Friday's developments, "I'm not sure we feel the urgency to try making a statement," because the market's malaise appeared to stem primarily from pessimism about the prospects for corporate takeovers. But, he added, the Fed may decide to say something publicly if the market decline becomes more general in nature.

"If a statement is needed, we'll issue it," he said.

Although injecting cash into the banking system may cause interest rates to drop Monday, the Fed official emphasized that the action should not necessarily imply that the central bank wants to bring interest rates down for a sustained period of time.

"Our monetary policy decisions are separate from this," he said.

Many analysts have been expecting the Fed to lower interest rates a notch because of evidence that the U.S. economy is weakening. That expectation has become a near certainty in the wake of Friday's afternoon's market debacle.

But the Fed official stressed that, as it did in 1987, the central bank can add cash to the banking system to take care of liquidity problems, and then drain it later when the market disturbance has passed, leaving interest rates roughly where they were before.

European central bank officials said they were concerned that their action two years ago to pump liquidity into markets succeeded in calming nerves but also stored up inflationary problems for the future as interest rates were cut perhaps too quickly.

Within a week of Black Monday two years ago, the United States, West Germany and Britain had eased their credit policies as Washington and Bonn sought to smooth over an acrimonious row over an earlier rate rise by the West German Bundesbank.

A European central bank official said Sunday that one of the lessons drawn from that coordinated operation was that industrialized nations may have allowed interest rates to fall too quickly in a bid to head off a recession that never came.

The reason the cash injection is needed *is* that when the market dives, banks, brokerage firms and securities dealers want the security of holding as much cash, rather than stocks, as possible. A suddenly explosive demand for cash can drive interest rates sky-high. The Fed can counter such a development by providing all the cash that banks want, which it accomplishes through the purchase of Treasury bills from the banks.

Separately, a spokeswoman for the New York Stock Exchange said that no emergency measures were being put into place over the weekend in preparation for trading on Monday.

"We have spent the past two years putting systems, procedures, and safeguards into place that we think we have prepared us to handle smoothly whatever level of activity occurs on Monday," the spokeswoman, Sharon Gamsin, said. *(IHT, NYT, WP, Reuters)*

UAL: *New Bid For Airline Likely*

(Continued from Page 1)

short in raising money for the deal.

Spokesmen for Citibank and Chase would not comment.

The terms in the UAL deal reportedly sought initial fees totaling about $36 million and an interest rate of one percentage point above the prime rate.

These were less generous to the banks than those offered for other leveraged buyouts, though banks would receive a tax break for lending to the UAL buyout because it is being done mostly by the company's employees.

By comparison, the $3.45 billion in loans that paid for the acquisition of NWA Inc., parent of Northwest Airlines, by an investor group led by the investor Alfred Checchi carried an interest rate of 1.5 points above the prime lending rate, said Thomas A. Parisi, a spokesman for Bankers Trust Co., which organized the lending.

Financing for that deal was significantly oversubscribed, with banks offering to lend $7 billion, he said. Each bank was allowed to lend half as much as it wanted, he said.

In interviews on Saturday and Friday night, five arbitragers said that they expected a revised version of the $300-a-share deal to be announced, possibly on Monday.

The five Wall Street arbitragers interviewed all hold large blocks of UAL stock and have a strong interest in the deal's revival.

They said that the previous bid might be replaced with a bid consisting of $260 to $275 a share in cash and some securities, perhaps an issue of preferred stock, to give the deal a value on paper of $300 a share, they agreed.

However, the securities are unlikely to be worth as much as the cash they replace.

There were indications on Saturday of widespread uncertainty concerning the stock's value.

Jefferies & Co., which specializes in after-hours trading, brought seven people into its London office on Saturday to trade airline stocks and other issues but found little demand.

The firm had a potential buyer but no sellers for UAL stock at $230 a share, the same level as off-market trading on Friday evening and down from Thursday's close of $285.25 on the New York Stock Exchange, said Frank Palamara, the manager of the London office.

Trading in UAL stock was halted on Friday afternoon at $279.75, before it could react to the buyout group's announcement.

A block of stock in AMR Corp., which has received a $120-a-share takeover proposal from the developer Donald J. Trump, changed hands for $81 a share on Saturday, down from $98.625 when trading was suspended on Saturday, Mr. Palamara said. AMR is the parent of American Airlines.

Arbitragers said that the financing difficulties encountered at UAL made it less likely that Mr. Trump could arrange financing for a purchase of AMR or that the investor Marvin Davis could revive his $300-a-share bid for UAL, which has been rejected by the company's board.

Euromarts At a Glance

Eurobond Yields

	Oct. 11	Oct. 4
U.S. $, 8 yrs & over	8.91	9.04
U.S. $, 5 to 7 yrs	8.92	9.15
U.S. $, less than 5 yrs	8.75	8.97
Pounds sterling, less than 5 yrs	12.63	12.38
French francs, less than 5 yrs	9.16	9.15
Ital. lire, less than 5 yrs	11.78	11.52
Danish krone, less than 5 yrs	10.38	10.09
ECU, 8 yrs & over	8.89	8.88
ECU, 5 to 7 yrs	8.74	8.79
Can. $, less than 5 yrs	10.91	11.11
Aus. $, less than 5 yrs	16.80	16.46
N.Z. $, less than 5 yrs	12.82	13.21
Yen, 5 to 7 yrs	5.48	5.54
Yen, less than 5 yrs	5.47	5.46

Source: Luxembourg Stock Exchange.

Weekly Sales

Oct. 13

Primary Market

	Cedel $	Cedel Non$	Euroclear $	Euroclear Non$
Straights	262.90	496.90	1,584.30	830.10
Convert.	200.00	—	72.10	—
FRNs	15.00	26.90	70.00	217.10
ECP	2,349.10	1,883.70	7,392.40	2,321.30
Total	2,827.00	2,407.50	9,068.80	3,368.50

Secondary Market

	Cedel $	Cedel Non$	Euroclear $	Euroclear Non$
Straights	3,892.20	8,444.70	9,705.50	7,100.20
Convert.	281.40	559.60	550.50	417.00
FRNs	408.50	1,074.60	2,277.80	3,261.20
ECP	3,525.10	1,805.60	3,112.00	1,478.90
Total	8,107.40	11,884.50	15,645.80	12,257.30

Source: Euroclear, Cedel.

Libor Rates

Oct. 13

	1-month	3-month	6-month
U.S. $	8¾	8⅝	8 9/16
Deutsche mark	8 3/16	8¼	8⅜
Pound sterling	15 5/16	15 5/16	15¼
French franc	10 1/16	10⅛	10¼
ECU	10⅛	10⅛	10⅛
Yen	6⅝	6½	6½

Source: Morgan Guaranty, Lloyds Bank, Reuters.

New International Bond Issues

Compiled by Laurence Desvilettes

Issuer	Amount (millions)	Mat.	Coup. %	Price	Price end week	Terms
FLOATING RATE NOTE						
Town & Country Building Society	£125	1994	0.10	100	—	Over 3-month Libor. Noncallable. Fees 0.18%. £100 million issued now and £25 million reserved for tap. (UBS Phillips & Drew Securities.)
FIXED-COUPONS						
General Electric Capital Canada	$150	1999	8¾	99.60	99.60	Noncallable. Fees 0.325%. (Kidder Peabody Securities.)
IBM Credit	$400	1992	8⅝	101.30	100.00	Noncallable. Fees 1⅜%. (Goldman Sachs Int'l.)
Italy	$1,500	1994	8½	99⅝	99.57	Noncallable. Fees ⅛%. Denominations $10,000. (Morgan Stanley Int'l.)
Japan Development Bank	$200	1996	8⅝	101⅜	99.58	Noncallable. Fees 1⅞%. (IBJ Int'l.)
National Bank of Hungary	DM 200	1996	8	101	97.50	Noncallable. Fees 2⅛%. (Westdeutsche Landesbank.)
Volvo Group Finance Europe	FF 300	1990	13	100¼	—	Redeemable at maturity in francs or dollars at a fixed exchange rate of 6.45 francs per dollar. Fees 1%. (Société Générale.)
Kredietbank Int'l Finance Curaçao	DK 300	1992	zero	75.95	74.35	Yield 10.27%. Noncallable. Proceeds 224.7 million kronor. Fees 1⅜%. (Privatbanken.)
Austria	ECU 100	1994	9⅛	102	100.00	Noncallable. Fees 1⅞%. (Merrill Lynch Int'l.)
Cariplo (London)	ECU 100	1994	9¼	101¾	99.50	Noncallable. Fees 1⅞%. (IBJ Int'l.)
Compagnie Bancaire	ECU 50	1992	9¼	101.30	99.80	Noncallable. Fees 1⅜%. (Fuji Int'l.)
European Investment Bank	ECU 100	1999	8¾	101.20	99.00	Noncallable. Fees 2%. (Creditanstalt Bankverein.)
Industrikredit	SK 300	1994	11¼	101⅞	99.88	Noncallable. Fees 1⅞%. (Skandinaviska Enskilda Banken.)
WestLB Finance Curaçao	SK 300	1994	11⅛	101⅝	—	Noncallable. Fees 1⅞%. (Westdeutsche Landesbank.)
Royal Trust Corp. (Canada)	C$ 100	1994	10⅝	101⅞	99.63	Noncallable. Fees 1⅞%. (Société Générale.)
Shell Canada	C$ 150	1994	10⅝	101.65	99.25	Noncallable. Fees 1⅞%. (Wood Gundy.)
Vancouver City Savings Credit Union	C$ 100	1994	10¼	101⅝	99.20	Noncallable. Fees 1⅞%. (ABN Bank.)
National Australia Bank	Aus$ 50	1992	16½	101¾	100.38	Noncallable. Fees 1½%. (Hambros Bank.)
Bergen Bank	Y 3,500.	1991	7	101⅝	—	Redemption amount at maturity will be linked to the performance of the Nikkei 225 stock index. Fees 1⅝%. Denominations 10 million yen. (New Japan Securities Europe.)
CIBC Asia	Y 2,500.	1993	—	101⅜	—	Interest will be pegged to the Nikkei 225 stock index. Noncallable. Fees 1⅛%. Denominations 10 million yen. (New Japan Securities Europe.)
EQUITY-LINKED						
Nichias	$100	1993	3½	100	104.50	Noncallable. Each $5,000 note with one warrant exercisable into company's shares at 1,784 yen per share and at 143.75 yen per dollar. Fees 2⅛%. (Yamaichi Int'l Europe.)
Sumitomo Metal Mining	$300	1993	open	100	103.50	Coupon indicated at 3⅜%. Noncallable. Each $5,000 note with one warrant exercisable into company's shares at an expected 2½% premium. Fees 2⅛%. Terms to be set Oct. 17. (Daiwa Europe.)
Fuji Kagakushi Kogyo	DM 75	1994	open	100	—	Coupon indicated at 1½%. Noncallable. Each 5,000-mark note with 5 warrants exercisable into company's shares at an expected 2½% premium. Fees 2⅛%. Terms to be set Oct. 18. (Deutsche Bank.)
Raiffeisen Zentralbank Oesterreich	DM 150	1996	7½	124	—	Noncallable. Each 5,000-mark note with 3 five-year warrants exercisable into a total of 71 of the bank's participation certificates at 490 schillings each, a 2% discount. Fees 2⅛%. (Deutsche Genossenschaftsbank.)

Soviet Change Boosts Loan Costs

By Carl Gewirtz
International Herald Tribune

PARIS — Welcome as *glasnost* and *perestroika* may be to most people in the West, the political and economic upheavals rippling out of the Soviet Union to the rest of the East-bloc countries is not good news to bankers, who value stability over change.

Exactly how much the misgiving of bankers will cost the Soviet Union in terms of higher borrowing charges is difficult to measure because its latest operation in the international credit market is being undertaken in a novel way, which itself justifies some increase in cost.

Usually, Soviet borrowings are arranged on behalf of the State Bank for Foreign Economic Affairs. But the current operation, arranged by Lloyds Bank, is for AKP Sovcomflot — a totally new name for the international market. Its $121 million, eight-year loan is guaranteed by the Soviet Ministry of the Merchant Marine.

As part of its economic liberalization, the Soviet Union earlier this year announced that it was breaking the State Bank's monopoly on foreign borrowing and that other state entities would be tapping the market.

A new name tapping the market is always an excuse for bankers to raise charges and loan officers suspect Soviet officials are using this to obfuscate how much the nation's credit standing has deteriorated since direct comparison with what the State Bank last paid is not possible.

In its last public borrowing in May, the State Bank arranged a $150 million, eight-year loan. Interest was set at 3/16 point (18¾ basis points) over the London interbank offered rate for the first four years and then at 5/16 in the final four years — an average margin of ¼ point over Libor. Fees paid to underwriters were 35 basis points.

Sovcomflot, whose loan has an average life of only 4¼ years, is to pay ⅜ point over Libor. Front-end fees range up to 37½ basis points for banks underwriting $10 million.

Trans-Tunisian Pipeline, a subsidiary of Italy's Snam-Progetti building a gas pipeline from Algeria to Italy, is in the market for a five-year, $60 million dual currency credit that will be used to refinance an existing credit. Interest is set at ⅛ point over Libor.

The low rate is tight, but in line with past pricing. The currency option TTP has sold Bankers Trust, giving the bank a one-year option to convert the loan into lire, effectively reduces TTP's cost to "well below" Libor, bankers said.

In the British market, Samuel Montagu is arranging the financing for Anglo-United's takeover of Coalite.

The financing includes a bridge loan of £200 million to run up to 18 months after drawdown and to be used until the company can dispose of some of the acquired assets. Interest starts at ½ point over the London interbank offered rate and increases with time to a maximum of 3 points over Libor if it is still outstanding in the final two months. The rising rate effectively penalizes the company if it fails to dispose of the assets rapidly.

There is also a 12-month floating rate part of £45 million with interest starting at 1¾ points over Libor and declining to a margin of 1 point as the company's cash-flow improves and a 78-month term loan of £155 million carrying a fixed rate of interest of 12.45 percent.

Although the company will pay a fixed coupon, lenders will actually earn the same sliding margin as on the one-year facility thanks to a swap arranged by Montagu.

A £40 million revolving credit facility runs for 78 months with the same sliding 1¾ to 1 point margin over Libor.

Competitors said Montagu could run into trouble syndicating the credit because assets may be difficult to sell and because of what were described as "the optimistic projections" on the company's operations.

Montagu is also arranging £350 million of financing for William Hill Group and a £72.5 million, seven-year loan for London's Weekend Television.

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NASDAQ National Market

OTC Consolidated trading for week ended Friday. Oct. 13

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Stock	Div	Yld	Sales in 100s	High	Low	Close	Net Ch'ge
A&W Bd			1263	28¼	26¾	27	— ¾
ABS s	.32	4.1	193	8	7¼	7¾	
ABQ			280	¾	¾	½	
ACC Cp	.12	1.8	515	7¼	6½	6¾	— ⅛
ADC			400	17	16¼	16¼	— ¾
ADT			14797	32⅛	31	31¼	—1⅛
AEL			75	8¼	8	8	
AEP			1367	23⅛	21½	22½	+ ¼
AIRCOA			21	3½	3½	3½	
ALC h			4469	3¼	2¼	2¼	—1⅛
ASK			13403	8½	7¾	8⅛	
AST			5326	9⅜	8⅛	8½	+ ¼
AamRt	.10	.7	1112	14¼	13	13½	+ ¼
AbingB	.32	4.1	49	8½	7¾	7¾	— ½
AbeLinc	.20e	1.1	98	18½	17½	17¾	— ¼
Acadin			25137	1¼	1⅛	1⅛	+ ⅛
Accel			343	7½	6⅞	6⅞	— ¼
Accptin			25	20¼	20¼	20¼	— ¼
Acclaim s			4506	7⅛	6⅝	6⅞	— ¼
Acl wtB			854	1⅛	1	1⅛	
Acrto	.14b	.9	32	14¾	14½	14¾	+ ¼
ACMT			31	9⅜	9	9	
AcmeSt			1071	21½	19¾	20½	
ActARt			2392	10½	9¾	9¾	— ¼

(Continued on next page)

WORLD STOCKS IN REVIEW / *Via Agence France-Presse*

Amsterdam

The market became increasingly nervous as dealers focused on interest-rate movements. Interest-sensitive stocks like industries, banks and trading companies took the lead in last week's downturn.

The CBS general index fell to 203.4 on Friday from 207.7 the previous week, on turnover that rose to 8.04 billion guilders from 7.02 billion the week before.

The Kempen & Co. brokerage said it was pessimistic about the short-term outlook for Dutch shares, as price trends in the United States did not offer much scope for lower interest rates.

Frankfurt

The market opened the week strong, with the Commerzbank index quickly rising to its highest level of the year, but fell back on a stronger dollar. The index closed Friday at 2,000.50, down 43.9 points on the week, while the DAX indicator lost 35.58 points to 589.28.

Downward pressure on the market was heavier toward the end of the week amid renewed worries about interest rates. The announcement of a 1.1 percent increase in West German wholesale prices for September rekindled fears of rising inflation and contributed to the market's downward trend.

Volume on West Germany's eight stock exchanges rose to 29.60 billion Deutsche marks from 27.13 billion DM the previous week.

Some sectors, notably stores, were hard hit by the decline. Karstadt was down 44 DM to close at 513 following analysts' downward revision of its profit forecast and a lukewarm market reception for the company's decision to take a stake in the air-freight concern LTU. Horten lost 26 to end the week at 313.

Daimler-Benz, facing last-minute hitches in its planned merger with MBB, lost 26 DM to close at 761. BMW lost 24 to close at 587 while Volkswagen gained 9.5, finishing at 473.50. Steels were also generally lower.

Banks also lost ground, notably Deutsche Bank, which dropped 13.7 DM to end the week at 687.30.

Hong Kong

The market suffered from jitters resulting from the strain in relations with China after Beijing refused to accept the return of illegal immigrants to Hong Kong from Oct. 8.

The barometer Hang Seng index shed 43.91 points on the week to close at 2,782.30 on Friday, following its gain of 67.96 points the previous week. The broader-based Hong Kong Index fell 30.17 points to 1,832.30.

Average daily turnover expanded slightly to 1.19 billion Hong Kong dollars from 1.12 billion.

Philip Chan, equities-research manager at Mansion House Securities Ltd., predicted a drop of up to 200 points this week, following Wall Street's plunge on Friday. But he noted that Hong Kong's underlying tone remained strong.

London

Share prices plunged early in the week as pressure on sterling continued despite the previous week's interest-rate increase.

The FTSE 100-share index was off its worst by week's end, but still closed 43.6 points lower at 2,233.9, having reached its lowest level for more than three months at midweek.

Speeches by the chancellor of the Exchequer, Nigel Lawson, and Prime Minister Margaret Thatcher that attempted to ease concern over the health of the British economy failed to comfort a nervous market.

Stores and consumer issues took a hammering as major building societies put up interest rates, and already depressed property stocks came under further pressure late in the week after a warning from the Bank of England about the level of banks' lending to the sector.

Oil shares represented about the only sector to buck the downward trend, helped by a series of buy recommendations, the strength of the dollar and firmer crude-oil prices.

Milan

The market closed slightly higher, with the Comit index at 691.93 on Friday against 690.22 a week earlier. Analysts characterized the market's mood as uncertain.

Among the losing issues were Ferfin, off 1.25 percent on the week, Montedison, down 0.44 and Enimont, off 1.60 percent.

Public-sector bank stocks moved up, with Credito Italiano finishing 1.50 percent firmer.

Analysts said the market was going through a delicate phase, noting that numerous proposed capital increases risk putting downward pressure on prices.

Paris

The market was down slightly on the week, with the SBF index (formerly the CAC) finishing at 553.2 on Friday, against 555.1 the previous week.

Analysts said that trading was agitated, dominated by speculation on three financial groups — Paribas, Navigation Mixte and Suez. Prices were helped by some special situations, but were hurt by strong upward tension on interest rates, they said.

However, strong support came from such factors as good half-year earnings, abundant liquidity and an upward revision in French economic-growth figures for the second quarter.

Singapore

The market put on another strong performance, as the Straits Times industrial index closed at 1,427.88 on Friday, up 7.33 points on the week. The SES all-share index gained 3.75 points to 374.84.

Turnover rose 10 percent to 464.7 million shares.

UIC was the most active counter, on turnover of 26.3 million units, followed by Guthrie TSR 1994, with volume of 20.8 million.

Dealers said market talk of more property sales and strong growth in the hotel sector were responsible for the bullish sentiment throughout the week.

Tokyo

Share prices on the Tokyo Stock Exchange fell for the second week in a row, as many institutional investors were nervous about the dollar's exchange rate against the yen.

The Nikkei average of 225 issues closed the week at 35,116.02 yen on Friday, down 93.33 on the week. The Tokyo price index, known as TOPIX, shed 12.84 points to close Friday at 2,646.54, after a 42.84-point loss the week before.

Average daily turnover fell to 666.92 million shares from the preceding week's 918.57 million.

The market started on a bullish note, with the Nikkei rising 167 on Monday, led by high-priced electrical stocks. After a recess on Tuesday for a national holiday, the market turned bearish as the dollar touched 144 yen.

On Wednesday, the Bank of Japan abruptly announced a 0.5-point rise in the discount rate to stem the dollar's rise, but many investors thought it was insufficient and some expect another increase soon.

Zurich

Prices drifted lower after the Oct. 5 increase in interest rates. The Crédit Suisse index finished at 653.1, down from 656.2 the previous Friday, while the Swiss Bank Corp. indicator closed at 690.4, down from 696.1.

Operators said that investors had become hesitant in the face of higher rates and were beginning to wonder whether the market could offer yields better than the 8 percent now available on the Euromarket. Inflationary fears also remain in the background.

Volume was low, despite continuing abundant liquidity.

Swiss shares were mostly stable or down on the week, but Compagnie de Reassurance managed a gain of 800 Swiss francs, to 14,400.

U.S. Trade Official Adopts Conciliatory Tone in Japan

By Fred Hiatt
Washington Post Service

TOKYO — The U.S. trade representative, Carla A. Hills, adopted a conciliatory tone on her first official visit to Japan, saying that the United States is to blame for its trade deficit and disclaiming any intention of making demands to the Japanese.

Mrs. Hills, widely perceived here as a tough enforcer, urged Japan to open its markets to U.S. satellites, construction firms and other goods and services during three days of meetings with Prime Minister Toshiki Kaifu and other cabinet members and business leaders. The meetings ended Saturday.

But despite growing congressional anger with Japan's $50 billion annual trade surplus with the United States, she said she came looking for cooperation, not confrontation. Her gentle line led some U.S. officials here to fear that Japan's government might conclude it need not make concessions.

"There have been no demands," Mrs. Hills told reporters Saturday. "It has been simply a sharing of what we want to accomplish."

Washington's chief trade negotiator said she is more interested in giving U.S. firms a fair chance to compete in Japan's markets than in negotiating specific results. "It is process that we are looking for, not results-oriented trade," Mrs. Hills said at the Japan Press Club on Friday.

She said she wanted to bring a message that Japan would help itself as well as the world by opening its markets and promoting free trade.

"I do not see the Japanese economic power as a threat. It is a wonderful accomplishment," she said. "But I do see the destruction of the world trading order as a threat. I see us at a crossroads."

The world can move toward increased prosperity only if Japan and other trading powers liberalize their own markets, she said.

Mrs. Hills said she is expecting only a "blueprint" for change and a "downpayment" of reform by next summer from the latest round of U.S.-Japanese negotiations, which focus on deep-seated structural barriers to trade.

Her expectation seemed to differ, at least in tone, from that expressed by senior administration officials who told Mr. Kaifu in Washington last month that they expect concrete results from the structural talks.

"I do not dream" that major structural barriers, such as the clubby Japanese business world or Japan's high savings rate, can be "dramatically altered" by next summer, Mrs. Hills said.

Vitro Wins Anchor With Higher Bid

Compiled by Our Staff From Dispatches

NEW YORK — Vitro SA, the big Mexican glass maker, said Sunday it has reached agreement to acquire Anchor Glass Container Corp. of the United States for about $800 million.

Vitro said the acquisition of Anchor and its previously announced purchase of Latchford Glass Co., of California together have "an overall transaction value in excess of $900 million."

The specific price tags for the two glass manufacturing companies were not disclosed, but sources familiar with the transaction said the Anchor Glass acquisition has a value of approximately $800 million.

Vitro, which is headquartered in Monterrey, Mexico, said it will purchase all of Anchor Glass' outstanding common shares that it does not already own for $21.25 per share in cash.

Vitro had offered $20 a share for Anchor on Aug. 9, but the bid was rejected and Anchor said it was discussing a possible transaction with other parties. *(UPI, Reuters)*

Exxon Criticizes Thai Regulation

Agence France-Presse

BANGKOK — An executive of Esso Thailand Ltd. who has received a prison sentence and fine has criticized Thai legislation that he said threatens foreign investment.

Roy Weiland, chairman and managing director of the Exxon Corp. subsidiary, was sentenced to one year in prison and fined 20,000 baht ($774.59) by Thailand's Supreme Court last week for filing a routine report to the Department of Commercial Registration one month late in 1985, the spokesman said.

Mr. Weiland, an American, said 28 laws had been identified with the assistance of the U.S. Chamber of Commerce which "will hurt foreign investment in Thailand" as they were "overly stringent."

Wall Street Review

NYSE Most Actives

	Vol.	High	Low	Last	Chg.
GHSHUt	122131	14⅝	10⅛	11	—2½
AT&T	103306	44½	39	39⅝	—5
AMR	89701	104⅞	96½	98⅝	—5⅛
PhilMr s	89545	45½	40¼	41	—4
Upjohn	86327	42⅛	35⅞	38	+ ¼
ParCom	82591	66⅜	55	56⅛	—6
Chevrn	82027	67½	59⅞	59⅞	—6⅛
Exxon	81314	46⅞	44	44¼	—1⅛
USX	74842	38⅞	32½	33	—5½
CentEn	72041	19½	19	19	— ¼
IBM	65179	109⅜	99⅜	102	—5½
UsairG	63672	52¼	41	41½	—7⅛
WarnC	60160	67½	61½	61½	—4⅝
GenEl	60127	59	53¼	54¼	—4⅝
Citicorp	56863	35½	29	29	—5¼
Compaq	54881	107¼	93	98	— ⅝
BrMySq	54664	55	50⅛	50⅝	—3⅝
BrtRsc	53979	53⅝	44	44⅞	—6⅛
EKodak	52936	48⅝	43⅝	44⅝	—3
AMI	51657	24	19¾	20	—3¼
McDnl s	51096	30⅝	28⅝	29	—1¼
PacTel	47074	45⅝	42½	43⅝	—1⅝
HarBrJ	46792	9⅝	6⅝	7⅛	—1¾
Tandem	44857	25¼	21¾	21⅝	—1⅜
MfrHan	44429	44⅝	40	40¼	—4¼

AMEX Most Actives

	Vol.	High	Low	Last	Chg.
BolrPh	42480	21	14¼	14⅝	—7⅜
WangB	36140	6	4⅜	5½	+ ⅜
BAT	30079	13⅝	11⅛	11½	—2¼
Amdhl	18467	14¼	12¾	13⅜	— ¼
EchoBy	17811	16⅛	13⅞	14	—1¼
TexAir	15154	17⅞	13	13⅛	—4⅜
ICH	14519	6½	5⅜	5½	
DWG	12532	16	12	12⅞	—2½
NY Tim	11989	31⅛	28⅝	28¾	—2⅝
FruitL	11056	14⅝	10¼	10¼	—3⅜
Diasonc	10705	4¼	3⅛	3⅛	— ⅞
A-att2 sc	10528	20	15	15½	—4⅝
Hasbro	10064	22⅞	20	20⅛	—2⅝
Atari	9908	11½	9¼	9¼	—1⅜
Telesph	9557	4⅜	3½	3⅝	— ⅝
A-axp sc	8038	10⅛	6¼	6¼	—2⅛
A-chv sc	7461	17⅛	9¼	10⅜	—5½
JanBel s	7431	33½	30	30⅝	—2⅝
AT&E	6746	19¼	14½	14½	—3⅝
ENSCO	6565	3½	3⅛	3¼	— ⅛
Ftiber	6305	15⅜	13⅛	13⅝	—2⅜
NelsnH	6199	1⅞	1	1	— ¼
PhlLD	6103	25	22⅛	23¼	+1⅜
MagmC	6065	7¼	6⅛	6⅛	—1⅜
Sothby s	6036	35⅝	31⅜	31⅞	—3⅝

NYSE Sales

	Sales Vol.
Total for week	909,730,000
Week ago	854,960,000
Year ago	735,170,080
Two years ago	1,123,750,000
Jan 1 to date	33,105,388,580
1988 to date	32,085,190,000
1987 to date	34,381,830,000

AMEX Sales

	Sales Vol.
Total for week	64,740,000
Week ago	71,740,000
Year ago	42,078,000
Jan 1 to date	2,447,200,000
1988 to date	1,988,338,000

NYSE Diaries

	This Wk	Last Wk
Advanced	288	1219
Declined	1661	670
Unchanged	206	276
Total Issues	2155	2165
New Highs	202	334
New Lows	138	68

AMEX Diaries

	This Wk	Last Wk
Advanced	183	471
Declined	675	335
Unchanged	156	201
Total Issues	1014	1007
New Highs	81	124
New Lows	55	51

NASDAQ National Market

OTC Consolidated trading for week ended Friday.

(Continued)

	Sales in 100s	High	Low	Close	Net Ch'ge
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

American Exchange Options

Figures as of close of trading Friday. Oct. 13

Option & price		Calls Oct	Calls Nov	Puts Oct	Puts Nov
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Total Volume: 293,644
Open Interest: 3,434,057
r—Not traded. s—None offered. o—Old.

Chicago Exchange Options

Figures as of close of trading Friday. Oct. 13

Option & price		Calls Oct	Calls Nov	Puts Oct	Puts Nov
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Total Volume: 489,835
Open Interest: 5,373,745
r—Not traded. s—None offered. o—Old.

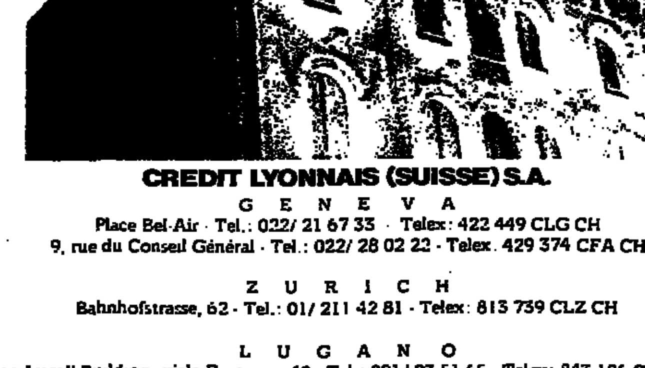
CL

The branches of CREDIT LYONNAIS in Switzerland
(Geneva - Zurich - Lugano)
and
The Bank COMPAFINA of Geneva
have merged on October 13, 1989 to form:

CREDIT LYONNAIS (SUISSE) S.A.

A fully owned subsidiary of CREDIT LYONNAIS, with its Head-office in Place Bel-Air - Geneva, for the past 113 years.

Thanks to this union, CREDIT LYONNAIS intends to pursue its vocation as a universal Bank dedicated to its swiss and international clientele.



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هكذا من الاصل

MONDAY SPORTS

Stewart Hurls 5-0 Shutout as A's Strike Early and Giants Strike Out

VANTAGE POINT/Thomas Boswell

A Giants Rallying Cry: Stop the Monster. Now.

Washington Post Service

OAKLAND, California — Kirk Gibson was not here Saturday night and Orel Hershiser is not scheduled to pitch Sunday. The Oakland Athletics can sleep tight. Their dreams should be pleasant.

The A's grabbed this World Series by the scruff of the neck and dragged it into their green and yellow dugout in Game 1. It doesn't look as though they intend to give it back.

Roughly speaking, the San Francisco Giants have one day to wake up and play a big-time ballgame or this could be a very short and not very interesting World Series.

Five times in the last 11 years teams have lost the first two games, then come back to win the Series. But this isn't going to be one of those years. The Giants either get into this Battle of the Bay in a hurry or they can spend the rest of the winter teaching Kevin Mitchell how to use a Filofax.

The Giants have one day to wake up and play a big-time ballgame or this could be a short, dull Series.

The Giants ran into big trouble on opening night. His name was Dave Stewart. He is a large gentleman with a high-pitched voice, a fierce scowl, a nasty forkball and a desire to do battle. He established himself in this Series like an elephant with a brand-new machine gun. He's hard to overlook.

And hard not to worry about. The way the A's felt about Hershiser after his three-hit shutout in Game 2 last October is the way the Giants feel about Stewart now after his five-hit shutout.

The Giants gave no indication whatsoever that they will be able to damage him the next time they meet. If there is a next time.

Yes, that's how seriously the A's beat the Giants, even though the score was only 5-0. Stewart is scheduled to start Game 5, but until the Giants give hard documentary evidence that they can stand up to the job at hand it is not a mortal certainty that this affair will last that long. Sweeps start with games like this.

The Giants, who lost eight of nine exhibition games to the A's in the Cactus League this spring, have to prove they are not intimidated by the American League big boys.

Two years ago in the National League playoffs, Rick Reuschel had a mighty rough time, allowing 15 hits and eight runs in 10 innings over two games. Last week he was shelled for five runs in two-thirds of an inning in his first try against the Cubs. If the Giants' old right-hander has a similar outing here on Sunday, this Series could be over at its halfway point.

Why? Because Oakland's man on the mound in Game 2 is Mike Moore, a right-handed pitcher who reminds people a great deal of Stewart. Except that his fastball is faster, his slider tighter and his forkball almost as good. When Moore has his control, which he has most of the time this year, he's even more daunting than Stewart.

Dave Parker, who homered in his support, described Stewart after Game 1 as "a great pitcher who can finesse you or overpower you." Moore just overpowers you. The Giants already know how the Game 3 Oakland starter, Bob Welch, mastered them for years when he was a Dodger — including a 6-0 record in Candlestick Park.

How are the Giants going to keep up if they trail by two games and see the sequence of Stewart, Moore and Welch on the horizon?

That's why Sunday is central to the tension in this Series. The Giants must resurrect Oakland doubts and do it quickly.

One after another the essential A's are announcing themselves, enforcing their mystique. Jose Canseco is still in a swoon. But what happens if he comes to the party, too?

Last year Stewart also started the Series opener, also pitched well and also got an early 4-0 lead. But the Dodgers crept back and Gibson crawled into history. The whole barrel-chested A's team seemed to visibly shrink. By the time Hershiser completed the demythologizing process, they were an upset waiting to happen.

Now, the opposite process has been set in motion. The A's already seemed bigger — a blob growing as it consumes what's in its path.

The monster must be stopped. Now. That should be the Giants' rallying cry.

It also seems that the Giants do not have the fates on their side. The Mitchell AWOL incident hurt their sense of team togetherness. They have been shaken further by the hideous embarrassment that unfolded late last week in which Will Clark referred to ex-Giant Jeffery Leonard as "a tumor" and Leonard responded in print that Clark was a racist. Mitchell and Clark are the team's central figures and they have both, through foolish acts, made themselves appear trivial.

The World Series is about karma, charisma, mystique — all that silly stuff. Each manager played a hunch in Game 1. Craig started Candy Maldonado over Pat Sheridan for no particular reason. He went zilch for four. Tony La Russa started Walt Weiss, a light-hitting shortstop, over Mike Gallego, also for no particular reason. He hit a home run.

The first game of the World Series isn't supposed to mean anything. After all, in 85 previous Series the first game loser has come back to win 36 times. However, sometimes the first game means a lot. Especially when the underdog has serious self-doubts and the favorite has horrible memories to erase.

The schedule says this World Series has just begun. For the Giants, it has one more day.

By Richard Justice
Washington Post Service

OAKLAND, California — Dave Stewart pitched his first shutout of the season, and Dave Parker and Walt Weiss homered as the Oakland Athletics won the World Series opener, beating the San Francisco Giants, 5-0, on Saturday night at the Oakland Coliseum.

The A's did a quick, clean dissection of the Giants, scoring three times in the second inning and coasting to a 1-0 lead in this best-of-seven series.

A year ago they were up by a run and an out away from winning Game 1 when Kirk Gibson bobbled to home plate and hit a two-run home run for the Los Angeles Dodgers. That was the beginning of the A's obsession with 1989.

"I'm not all that excited," Tony La Russa, the Oakland manager, said after the victory. "The first game is important, but we still have to win three more. I'm pleased because we handled ourselves well, but it doesn't end here."

The Giants were in this game for one shining moment. That was in the top of the first when a throwing error by Stewart put Robby Thompson on second base with one out. That mini-threat ended when Dave Henderson ran down Will Clark's fly ball in center field and second baseman Tony Phillips made a nice stop of Kevin Mitchell's grounder.

By the time Stewart allowed another Giant to reach second base — on a double by Clark — it was the sixth inning, and the only suspense was whether or not he'd get the shutout.

WORLD SERIES
GAME ONE

"At no point did I feel not in control," Stewart said. "Even when they had two on in the ninth, I thought I was in control."

"This is a first step. Now they've got to play catchup. We're good, they're good. But they have to catch us now."

His first shutout came in his 39th start, and he allowed five hits, walked one and struck out five, needing only 2 hours, 45 minutes to show the Giants why he has three straight 20-victory seasons.

"We just couldn't make contact," the Giants manager, Roger Craig, said. "Give him credit. He did what we were told he'd do."

"He came out and went after us with the fastball. He had a good one the whole game, had a good split-finger or whatever he calls that pitch. He did a good job."

Which the Giants' starter, Scott Garrelts, did not. He lasted four innings — his shortest appearance since June 29 — and allowed four earned runs in his first World Series start.

The Athletics got hits from seven starters. Phillips and Rickey Henderson had run-scoring hits in Oakland's three-run second inning, and another scored when Clark, the first baseman, and Terry Kennedy, the catcher, messed up what should have been an easy infield out.

The A's had 11 hits in all, including three from Mark McGwire and two apiece from Rickey Henderson and Phillips.

However, Jose Canseco struck out twice, fouled out and walked.

But Parker's third home run of the postseason and Weiss's fourth of the entire season more than made up the difference. That pair of home runs in the first four innings matched the A's total for all five World Series games last season.

Mitchell and Clark had two hits each and finished with four of the five Stewart allowed. The rest of the Giants' lineup went 1-for-25.

Whatever else can be said for Garrelts's season, it should have ended Oct. 1.

Until then, he'd been one of baseball's best pitchers, going 14-5 and compiling the National League's best earned-run average (2.28). Since then, he has gone to the mound three times and been torched three times, allowing 11 earned runs in 15⅓ innings.

On Saturday, he had one easy inning, the first, when he allowed only Carney Lansford's single. But he walked Dave Henderson to lead off the second.

McGwire flied to center, but Terry Steinbach lined a single to center. Phillips grounded a single to right to score Dave Henderson with a 1-0 lead. Steinbach went to third.

Weiss grounded softly to Giants baseman Clark, who fielded the ball but had trouble getting it out of his mitt. He threw low to Kennedy at home.

Still, the throw beat Steinbach, but Steinbach slid into the mitt and knocked the ball loose for a 2-0 lead. Kennedy was charged with the error.

Rickey Henderson got the A's a 3-0 lead by slapping an outside fastball to right. Lansford flied out and Canseco struck out to end the second, but Parker led off the third by hitting a 2-0 fastball over the right field wall to make it 4-0.

An inning later, Weiss, who had six home runs in 714 career at-bats during regular season play, connected to make it 5-0.

That was plenty because after the first inning the Giants got runners into scoring position only in the sixth and ninth innings. Stewart got out of the sixth by striking out Mitchell with Clark on second.

Clark and Mitchell led off the ninth with singles, and a passed ball by Steinbach moved them to second and third.

But Stewart was terrific, striking out Matt Williams and Ernest Riles and getting Candy Maldonado on a grounder to third.

Stewart needed a workhorse 139 pitches, an unusually high number for a pitcher who works for a manager who almost never lets his starters throw more than 125.

"I wasn't sentimental about getting him the shutout," La Russa said. "But the payoff to using the bullpen like we use it is that sometimes you go can deeper in the well with your starter at this time of the year."

"I looked at the way he was throwing in the ninth, and he had good mechanics and was still throwing the ball good."

Stewart credited that "to the six days' rest. It helped me maintain a good fastball, and I didn't have one every time I went out there this year. I don't feel physically that I threw 139 pitches, but mentally you have to work with the lineup."

Everyone else credited Stewart. McGwire said: "Dave was on. He had a good fastball and a good split-finger pitch, and, when he's on, not too many teams beat him, whether it's in the World Series or wherever."

"We played well tonight, and I don't know if last year had anything to do with it. If we learned anything, it was that you have to treat this like it's another ballgame."

All in a Day's Work

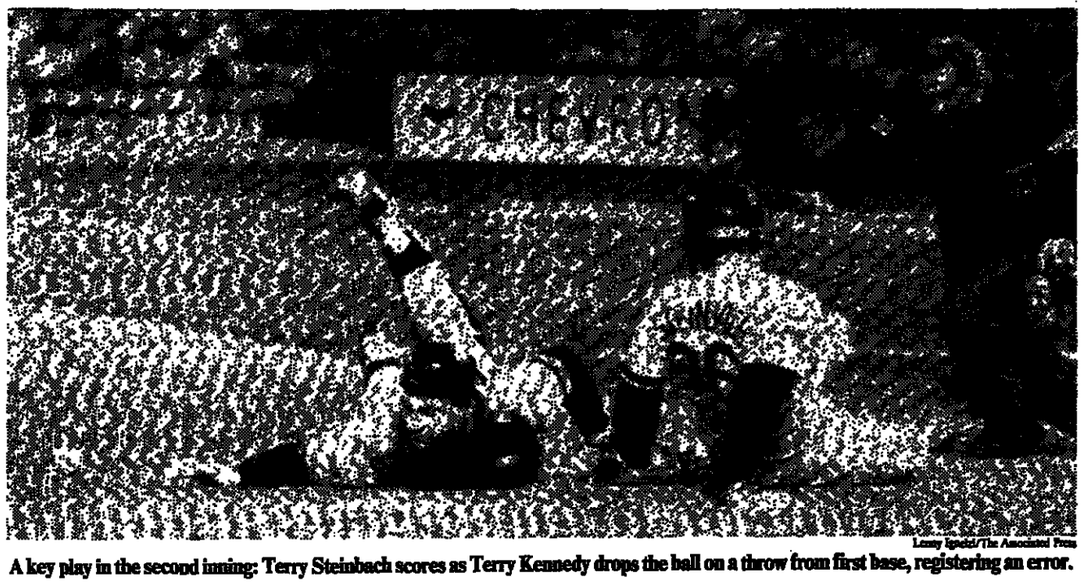
United Press International

OAKLAND, California — The World Series is more than a sporting event. It's a cash machine.

At Oakland Coliseum, 49,385 fans attended the first game of the World Series. Net receipts were $2,154,230.

Of that, the baseball commissioner's office will keep $323,134. A pool for the players' will grow by $1,292,538.

Each league office, the American and National, keeps $134,639. And the Athletics and Giants team organizations keep $134,639 each.



Lenny Ignelzi/The Associated Press

A key play in the second inning: Terry Steinbach scores as Terry Kennedy drops the ball on a throw from first base, registering an error.

SIDELINES

Faldo's Last-Hole Eagle Wins Matchplay Trophy

VIRGINIA WATER, England (AP) — Nick Faldo sank a 20-foot (6-meter) eagle putt on the 36th hole to defeat Ian Woosnam on Sunday in the final of the World Matchplay Golf Championship.

After Woosnam and Faldo both birdied the 17th, Faldo eagled the par-5 18th for the victory and a check of £100,000 ($160,000). Faldo said he would donate his winnings to childrens' charities.

Severiano Ballesteros of Spain defeated Ronan Rafferty of Northern Ireland, 5 and 3, in an 18-hole battle for third.

● In Munich, David Feherty of Northern Ireland won the $470,000 BMW International Open on Sunday, five strokes ahead of Fred Couples of the United States.

Soviet Gymnasts Aim For Another Team Title

STUTTGART (Reuters) — Olympic champion Vladimir Artemov and European title-holder Igor Korobchinsky put the Soviet Union on course to defend their men's team title at the world gymnastics championships on Sunday.

They both collected marks of 9.90 in the compulsory exercises to leave the Soviet men well in the lead at the halfway stage of the team event.

The Soviet team, winners at four of the last five world championships, led with 293.15 points going into Monday's optional exercises. East Germany and China seemed set to fight for silver and bronze.

● Puerto Rico's Adriana Duffy is expected to remain paralyzed after she broke her neck during preparations for the championships, officials said Saturday. Duffy, 18, crashed on the neck after her hands slipped on the horse apparatus during a vault Thursday.

For the Record

Amiran Totikashvili won the gold medal Sunday in the bantamweight final against Japan's Todahori Koshino at the Judo World Championships in Belgrade. Through Saturday, France was the most succesful nation after five days of competition. Japan was second and Britain third. *(AFP, AP)*

Mark Allen pulled away from Dave Scott about three miles from the finish to win the Ironman Triathlon World Championship Saturday in Hawaii. Allen's time for the 2.4-mile swim, 112-mile bicycle ride and 26.2-mile run was 8:09:14, taking 19:23 off Scott's 1986 record. *(AP)*

Tony Rominger of Switzerland won the Tour of Lombardy cycling race Saturday in Milan. Gilles Delion of France outsprinted Luc Roosen of Belgium to finish second. *(AP)*

Jannike Bjorling, the former girlfriend of Bjorn Borg and mother of his child, says she left the former tennis star because "you can't live for long with a cocaine addict," the Swedish newspaper Expressen said Sunday. Borg's lawyer, Henning Sjostrom, told the newspaper he thought the young woman was "only interested in making money by blackening the name of her former mate." He said she and Borg were fighting over financial support for their son, Robin, who is four years old. *(AFP)*

The Philadelphia 76ers have waived center Henk Pieterse, who was attempting to become the second Dutchman to play in the National Basketball Association. Pieterse, 29, a 6-foot-11 (2.11 meter) center, had averaged only one point in the 76ers training camp. The only Dutch player to appear in the NBA is Rik Smits of the Indiana Pacers. *(Reuters)*

Quotable

● Former Baltimore Oriole great Brooks Robinson on the senior baseball league, which opened training camp in Florida Sunday: "I believe there are a bunch of orthopedic surgeons behind this league, if you want to know the truth." *(LAT)*

● Ellis Clary, a Toronto Blue Jays' scout, on the size of the Skydome: "It's big enough for deer hunting." *(LAT)*

Giants' Sad Tale: 5 Hits, 1 Error, Lax Pitching

By Steve Berkowitz
Washington Post Service

OAKLAND, California — The San Francisco Giants waited 27 years for this?

Saturday night, in their first World Series game since 1962, the Giants played the underdog role so well, they practically rolled over. They scraped out just five hits, they made an error that allowed a run to score and their top starting pitcher got hammered.

"You could see we were a little flat tonight," said pitcher Atlee Hammaker, who entered after starter Scott Garrelts had allowed five runs on seven hits, including two leadoff home runs and one walk in four innings.

"Tonight was just another ballgame," Garrelts said. "I felt good and I made a lot of good pitches. The two home runs were bad pitches, but those two home runs really didn't kill me. It was the second inning."

In that inning Dave Henderson walked, advanced on a single by Terry Steinbach and scored on a single by Tony Phillips that sent Steinbach to third.

Walt Weiss then hit a slow roller toward first baseman Will Clark. With Steinbach attempting to score, Clark made an awkward looking pickup and threw home. Catcher Terry Kennedy caught the ball and tagged Steinbach, who kicked it out of his mitt.

"I was having trouble chewing gum and walking on that play," Clark said. "I planted to pick up the ball and I slipped. I didn't make a perfect throw, but it was right there."

Kennedy, who was charged with an error, agreed.

"The ball was in the web (of the mitt) and I didn't quite have it as well as I would have liked. I tried to make the catch and the tag at the same time and he (Steinbach) got it."

Oakland went on to make it 3-0.

Handed the early cushion, the Athletics starter, Dave Stewart, pitched aggressively and ended up with his first shutout since Aug. 30, 1988.

"He threw a lot of high fastballs that guys couldn't get around on," Clark said.

"He gave us pitches to hit," leadoff batter Brett Butler said, "but we didn't hit them."

Butler had a particularly trying night. He was hitless in four at-bats, and all of the outs came on fly balls.

"Four outs on balls in the air," Butler mused. "That's probably something I've never done in my career. Maybe I was trying too hard, trying to do too much with the ball."

DENNIS THE MENACE

"MRS. WILSON SAYS HE'S A GOOD SPORT, BUT SHE DIDN'T SAY WHAT SPORT HE'S GOOD AT."

JUMBLE. THAT SCRAMBLED WORD GAME by Henri Arnold and Bob Lee

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

SAREE

FLAUW

NATFUL

GORCED

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Answer here: ____ ON ____

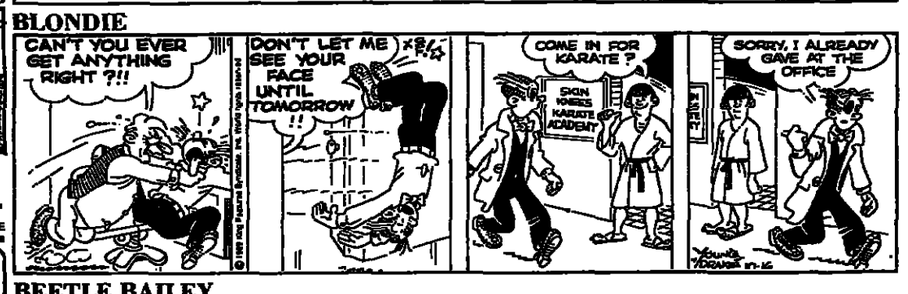
(Answers tomorrow)

Saturday's Jumbles: ASSAY LUNGE HINDER SPEEDY
Answer: Rich food, like destiny, can do this— SHAPE OUR ENDS

The Daily Source for International Investors.

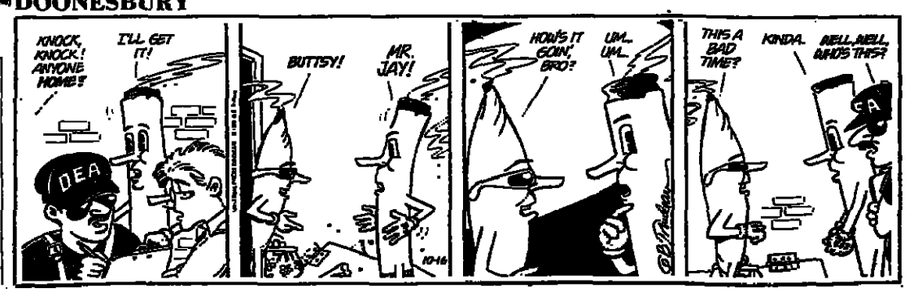
PEANUTS

BLONDIE

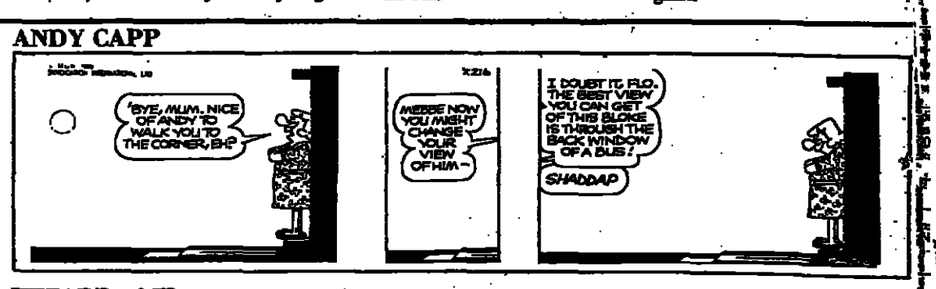


BEETLE BAILEY

DOONESBURY



ANDY CAPP



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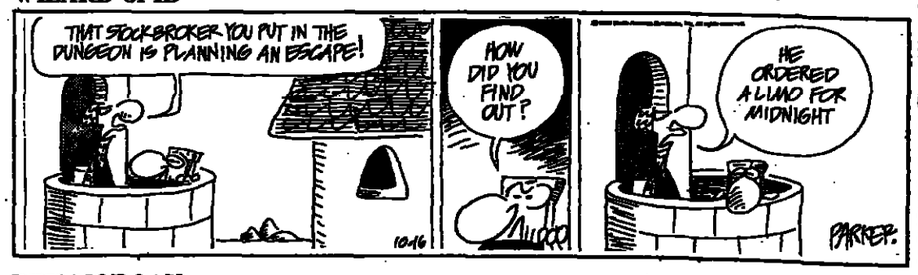
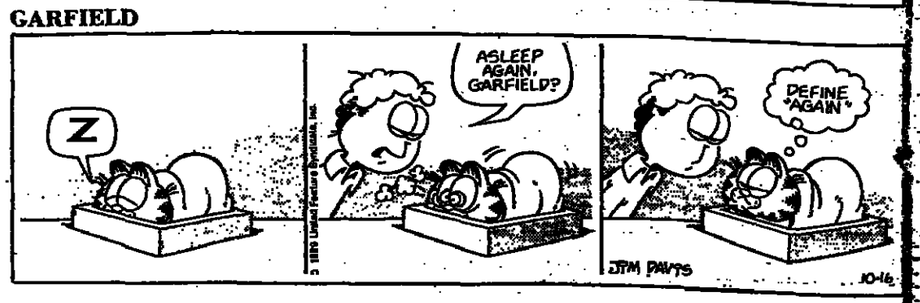


REX MORGAN

GARFIELD



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MONDAY SPORTS

Irish Down Air Force, 41-27, But Not Without a Dogfight

Compiled by Our Staff From Dispatches

No. 17 Air Force had little to offer against No. 1 Notre Dame on Saturday except a certain foolish audacity. The Fighting Irish, winning 41-27, extended U.S. college football's longest winning streak to 18 games, but with the victory came some embarrassment.

Air Force, which has a record of six victories and one loss, was out-

COLLEGE FOOTBALL

[illegible]ghed, outmanned, and trailed [illegible]5-14 at halftime of the game in [illegible]ado Springs.

But the Falcons produced one of the most successful offensive efforts of the season against the Irish, who have won all six of their games.

In a duel of Heisman Trophy candidates, it could be said that Air Force's Dee Dowis held his own against Notre Dame's Tony Rice. Dowis completed a 61-yard scoring pass to halfback Greg Johnson and a 26-yarder to Steve Senn in the second quarter.

Then Air Force made the score as close as it was with a successful fumble, offensive guard Steven Wilson going 23 yards for a touchdown with 9:35 left to play. It was the first rushing touchdown yielded by the Irish all season.

Although the two-point attempt failed, fullback Rodney Lewis scored again for Air Force with 3:22 remaining, on a one-yard run.

Notre Dame was held in the second half to only a pair of field goals of 20 and 38 yards by Craig Hentrich.

Still, Notre Dame provided the real substance of the game, scoring on their first four possessions and compiling their lead largely on the running of flanker-tailback Raghib Ismail. He rambled off on a 56-yard punt return with 14:42 left in the first half for a 21-0 lead, and then took a 24-yard reverse for another touchdown with 30 seconds left in the half.

The Irish took the opening kickoff and drove 80 yards to Anthony Johnson's one-yard scoring vault. On their second possession, they moved 69 yards to Ricky Watters's five-yard slice over the goal line with 51 seconds left in the period. Moments later, it was 21-0, on Ismail's punt return.

Rushing Mark Falls at 6,085

The Associated Press

EDMOND, Oklahoma — Texas A&I tailback Johnny Bailey broke Tony Dorsett's 13-year-old NCAA career rushing record Saturday with a 4-yard carry against Central State. The run gave Bailey 6,085 yards, eclipsing the mark of 6,082 set by Dorsett during his years at Pitt in 1973-76.

After his record-breaking run with 3:05 left in the third quarter, Bailey was hoisted onto the shoulders of his teammates.

Bailey carried 16 times for 88 yards and two touchdowns in the first half. He scored from 49 yards out on the Javelinas' first play of the second half, then needed only eight more carries to go over the top.

Bailey has won the Harlon Hill Award, Division II's version of the Heisman Trophy, for the past two years.

But Air Force went to the air. Paydirt came on a 61-yard scoring play from Dowis to Greg Johnson.

The Irish answered when Rice found Anthony Johnson all alone over the middle for a 27-yard scoring play with 9:46 to go in the half.

Notre Dame had a chance to extend its lead on its opening possession on the second half, but Air Force's defense turned feisty.

On third and goal at the 3, Rice had tight end Derek Brown wide open, but cornerback Eric Faison batted the ball away at the last second, and the Irish settled for Craig Hentrich's 20-yard field goal and a 38-14 lead.

No. 2 Miami 48, San Jose State 16: In Miami, freshman Gino Torretta threw for 468 yards, breaking Bernie Kosar's one-game Miami record.

Torretta completed 32 of 49 passes, and had touchdown throws covering 18 yards to Lamar Thomas, 38 yards to Wesley Carroll and 17 yards to Randy Bethel.

No. 3 Colorado 52, Iowa State 17: In Ames, Iowa, Darian Hagan threw for two touchdowns and ran for two without playing a single down in the second half. But the victory was marred when leading rusher Eric Bieniemy broke his right leg in the first half.

No. 4 Nebraska 50, Missouri 7: In Columbia, Missouri, quarterback Gerry Gdowski ran for two touchdowns and the Cornhuskers scored eight points off the first two Missouri punts.

No. 5 Michigan 10, No. 21 Michigan State 7: Michigan, leading by 10 points at the half, successfully held off scoring late threats by Michigan State in the game in East Lansing, Michigan.

No. 7 Arkansas 45, Texas Tech 13: In Lubbock, Texas, quarterback Quinn Grovey rushed for 105 yards, including a 42-yard touchdown, as the Razorbacks extended their winning streak.

Texas A&M 17, No. 8 Houston 13: In College Station, Texas, Robert Wilson rushed for 115 yards on 22 carries and had a 41-yard touchdown run. Tailback Darren Lewis ran 12 times for 120 yards.

No. 9 Pittsburgh 31, Navy 14: In Pittsburgh, Alex Van Pelt threw two touchdown passes, including a 19-yarder to Ricky Turner that started a run of 24 straight points as Pitt erased a 7-0 Navy lead.

No. 10 Southern Cal 31, California 15: In Berkeley, California, Leroy Holt and Ricky Ervins rushed for more than 100 yards each as Southern Cal rolled to its 16th consecutive Pacific-10 victory.

No. 11 Alabama 24, Southwestern Louisiana 17: In Tuscaloosa, Alabama, Southwestern led, 10-7, late in the third period when John Mangum picked off a Brian Mitchell pass and returned it 30 yards to the Southwestern 48. Martin Houston scored from the 1 to put the Tide ahead to stay, 14-10.

No. 12 Auburn 10, LSU 6: In Auburn, Alabama, Shayne Wasden's 33-yard punt return set up a 1-yard touchdown run by Stacy Danley with 6:07 to play, erasing a 6-3 LSU lead.

Georgia Tech 30, No. 14 Clemson 14: In Clemson, South Carolina, Jerry Mays scored two touchdowns and Scott Sisson kicked three field goals as Georgia Tech

Peter Southwick/The Associated Press

No. 25 Jim Deines of Boston College let a pass slip in a tie-up with Greg Taylor of Temple, but the Eagles shut down the Owls, 35-14.

damaged Clemson's hopes of a fourth straight Atlantic Coast Conference title.

Texas 28, No. 15 Oklahoma 24: In Dallas, Peter Gardere's second touchdown pass, a 25-yarder to Johnny Walker with 1:33 to play, lifted the Longhorns.

No. 16 Illinois 14, Purdue 2: In West Lafayette, Indiana, Illinois drove 80 yards in 16 plays following the opening kickoff for the only score of the first half. The Illini then marched 80 yards late in the fourth quarter before scoring on Howard Griffith's 1-yard run.

No. 17 Washington State 31, Stanford 13: In Pullman, Washington, Steve Broussard ignited Washington State with two second-quarter touchdowns and rushed for 153 yards.

No. 19 Florida St. 41, Virginia Tech 7: In Blacksburg, Virginia, Peter Tom Willis of Florida State threw three touchdown passes and ran for another. He also completed 18 of 27 passes for 338 yards in less than three quarters.

Arizona 42, No. 22 UCLA 7: In Tucson, Arizona, David Eldridge ran for a career-high 205 yards, with 168 of them and two touchdowns coming in the first half.

No. 23 Penn State 34, Syracuse 12: In Syracuse, New York, Blair Thomas scored on a 38-yard run and rushed for 115 yards as Penn State won its fifth straight game.

No. 25 Florida 34, Vanderbilt 11: In Gainesville, Florida, Emmitt Smith rushed for 202 yards and one touchdown.

No. 25 Brigham Young 45, Colorado State 16: In Fort Collins, Colorado, Ty Detmer threw for three touchdowns and ran for another.

(WP, AP)

Walker Paces Vikings Past the Packers, 26-14

Compiled by Our Staff From Dispatches

Making his debut at Minnesota, Herschel Walker ran for 148 yards on Sunday to pace the Vikings to a 26-14 victory over the Green Bay Packers in Minneapolis.

Walker became the first Viking in two years to rack up 100 yards in

PRO FOOTBALL

a game, and helped Minnesota ease a decade of frustration over losses to the Packers.

Keith Millard had four of the Vikings' eight sacks, and Reggie Rutland had two interceptions, as the National Football League's top defense held the league's leading offense to 219 yards.

The Vikings had lost four straight games and 14 of 18 to Green Bay.

On Thursday, Minnesota acquired Walker from the Dallas Cowboys for five players and as many as seven draft choices.

After Herman Fontenot's 1-yard touchdown run gave the Packers a 7-0 lead 8:33 into the game, Walker touched the football for the first time in a Minnesota uniform. He took the kickoff 4 yards deep in the end zone, then dashed 51 yards down the left sideline. The return was called back, however, by Darryl Ingram's holding penalty.

On Walker's first play from scrimmage, 12:38 into the game, he went off right guard, shot through a hole and shed four tackles for a 47-yard run. It was the Vikings' longest run since Darrin Nelson's 52-yarder on Nov. 26, 1987, the same day Nelson became the last Viking to break 100 yards.

Walker had runs of 5 and 6 yards and Tommy Kramer completed a 30-yard pass to D.J. Dozier before Rick Fenney scored from 8 yards for a 10-7 Minnesota lead.

Giants 20, Redskins 17: In East Rutherford, New Jersey, Phil Simms completed fourth-quarter touchdown passes to Mark Bavaro and Odessa Turner to lift New York.

Simms' 12-yard strike to Bavaro put New York ahead, 13-10, with 11:15 left. He hit Turner from 25 yards out six minutes later.

It was the second time this season that the Giants have stopped the Redskins.

The Giants also scored on Raul Allegre's field goals of 33 and 49 yards. Washington scored on Mark Rypien's passes of 5 yards to Art Monk and 29 yards to Rickey Sanders, as well as Chip Lohmiller's 37-yard field goal.

49ers 31, Cowboys 14: In Irving, Texas, Steve Young passed 8 yards to Jerry Rice to put San Francisco ahead to stay early in the fourth quarter. Dallas has yet to win a game this season.

The game was tied 14-14 going into the final quarter. But a 23-yard interception return by safety Tom Holmoe on the second play of the period set up the Young-to-Rice touchdown pass that put the 49ers ahead.

San Francisco added a 31-yard field goal by Mike Cofer with 4:57 remaining, and a 1-yard touchdown run by Roger Craig with 1:57 left to play.

Lions 17, Buccaneers 16: In Tampa, Florida, Rodney Peete scrambled 5 yards for a touchdown with 23 seconds to play, and the Detroit offense overcame four turnovers to deliver the team's first victory this season.

Peete, a rookie making his second start, moved Detroit 76 yards in eight plays for the winning score. He dropped back to pass on fourth-and-goal and ran around right end when he spotted an opening.

Peete completed 17 of 31 passes for 268 yards, including a 33-yard touchdown pass to Robert Clark that tied the score, 10-10, halfway the third quarter. He also ran for 78 yards on 10 carries.

Ricky Reynolds returned one of Tampa Bay's two interceptions 68 yards for a second-quarter touchdown. He also recovered a fumble by the Lions to stop a drive at the Bucs 4 when Detroit was trailing, 13-10.

Oilers 33, Bears 28: In Chicago, Lorenzo White's 12-yard touchdown run with 1:46 left after Allen Pinkett ripped off a 60-yard gain lifted Houston over Chicago.

It was the second touchdown in the final four minutes for the Oilers, who had closed the gap on a 1-yard run by Warren Moon with 3:38 left.

Mike Tomczak, who was intercepted four times, had three touchdown passes, including one of 79 yards to Dennis Gentry. Tomczak also completed touchdown passes of 6 yards to Neal Anderson and 7 to James Thornton with 4:55 to play.

Thornton fumbled a pass midway in the third period, but Moon was intercepted by Donnell Woolford two plays later. Then Tomczak hit Gentry with the 79-yard pass.

Houston came back on a 45-yard touchdown pass from Moon to Haywood Jeffires. The Bears then marched 50 yards before Tomczak hit Thornton for a touchdown. But Houston came back on a 61-yard drive and Moon scored.

Dolphins 20, Bengals 13: In Cincinnati, Dan Marino overcame a first-half passing slump to run for a touchdown in the third quarter and set up 10 points in the fourth.

Marino, 5-of-15 for 59 yards in the first half, completed passes of 41, 34 and 36 yards to Mark Duper on three drives in the second half that produced two touchdowns and a field goal.

He scored on a 1-yard bootleg midway through the third period to cut Cincinnati's lead to 13-10. He then set up Pete Stoyanovich's 33-yard field goal that tied the game, and drove Miami to a 5-yard touchdown run by Troy Stradford with 5:31 to play.

Falcons 16, Patriots 15: In Atlanta, Paul McFadden's 22-yard field goal with five seconds remaining, his second chance at victory late in the game, gave Atlanta the victory.

The Falcons drove 67 yards in 11 plays on the drive. Chris Miller completed a 20-yard pass to rookie Shawn Collins on a fourth-and-10 play to keep the drive alive at the Atlanta 48.

McFadden had a chance with 3:21 left to erase a 15-13 deficit, but was wide right on a 40-yard attempt.

Deion Sanders' 60-yard kickoff return set up a 30-yard Atlanta scoring drive that featured runs by Gene Lang of 7, 12 and 5 yards. Keith Jones scored from the 1 with 1:05 left in the first half to cut the New England lead to 15-13.

(UPI, AP)

SCOREBOARD

BASEBALL

World Series: Game 1

SAN FRANCISCO	ab	r	h	bi	OAKLAND	ab	r	h	bi
Butler cf	4	0	0	0	RHdrsn lf	5	0	2	1
Thmpsn 2b	4	0	0	0	Lansird 3b	5	0	1	0
Clark 1b	4	0	2	0	Gallego 2b	0	0	0	0
Mitchell lf	4	0	2	0	Canseco rf	3	0	0	0
Williams 3b	4	0	0	0	Parker dh	4	1	1	1
Riles dh	4	0	0	0	DHdrsn cf	3	1	0	0
Maldnd rf	4	0	0	0	McGwir 1b	4	0	3	0
Kennedy c	3	0	0	0	Steinbch c	4	1	1	0
Uribe ss	2	0	1	0	Phillips 2b	4	1	2	1
Oberkfl 3b	0	0	0	0	Weiss ss	4	1	1	1
Totals	33	0	5	0	Totals	36	5	11	4

San Francisco 000 000 000—0
Oakland 031 100 00x—5

E—Stewart, Kennedy. LOB—San Francisco 7, Oakland 9. 2B—Clark. HR—Parker (1), Weiss (1).

	IP	H	R	ER	BB	SO
San Francisco						
Garrelts L,0-1	4	7	5	4	1	5
Hammaker	1⅔	3	0	0	0	2
Brantley	1⅓	1	0	0	1	0
LaCoss	1	0	0	0	0	1
Oakland						
Stewart W,1-0	9	5	0	0	1	6

PB—Steinbach.

World Series Schedule

Oakland 5, San Francisco 0
(Oakland leads series, 1-0)

(All times U.S. Eastern Daylight, P.M.)

Sunday, Oct. 15: San Francisco (Reuschel 17-8) at Oakland (Moore 19-11), 8:28
Tuesday, Oct. 17: at San Francisco, 8:31
Wednesday, Oct. 18: at San Francisco, 8:28
x-Thursday, Oct. 19: at San Francisco, 8:28
x-Saturday, Oct. 21: at Oakland, 8:28
x-Sunday, Oct. 22: at Oakland, 8:28
(x-if necessary)

BASKETBALL

NBA Preseason

Friday's Results
New York 115, Denver 112
Boston 96, New Jersey 74
Orlando 118, Detroit 107

Saturday's Results
Indiana 132, Denver 109
Washington 131, Charlotte 123
New York 96, Cleveland 93
Los Angeles Lakers 117, New Jersey 75
Atlanta 123, Dallas 81
Chicago 126, Phoenix 118
San Antonio 105, Milwaukee 96
Houston 102, Philadelphia 75
Detroit 118, Orlando 98
Portland 111, Los Angeles Clippers 107

CRICKET

(In Sharjah, United Arab Emirates)
Pakistan 250-8 (50 overs); West Indies 239 (48.4 overs).
India 273-4 (46 overs); Pakistan 274-4 (44.4 overs).

(In New Delhi)
Sri Lanka 193 (all out in 48.3 overs); England 196-5 (48.4 overs).

FOOTBALL

Selected College Scores

EAST
Army 45, Holy Cross 9
Boston College 35, Temple 14
Connecticut 39, Massachusetts 33, OT
Cornell 28, Harvard 0
Lafayette 40, Fordham 7
Lehigh 52, Bucknell 6
Maine 47, Rhode Island 21
New Hampshire 17, Colgate 10
Penn 32, Brown 30
Penn St. 34, Syracuse 12
Pittsburgh 31, Navy 14
Princeton 24, Columbia 8
Villanova 20, Delaware 11
Yale 24, Dartmouth 19

SOUTH
Alabama 24, SW Louisiana 17
Alcorn St. 32, Lamar 16
Auburn 10, LSU 6
Bethune-Cookman 33, S. Carolina St. 30
Delaware St. 18, Florida A&M 13
E. Kentucky 21, Tennessee Tech 20
E. Tennessee St. 24, Tn.-Chattanooga 23
Florida 34, Vanderbilt 11
Florida St. 41, Virginia Tech 7
Furman 31, Appalachian St. 6
Georgia Southern 21, Nicholls St. 13
Georgia Tech 30, Clemson 14
Grambling St. 72, Miss. Valley St. 14
Howard U. 17, Virginia St. 14
James Madison 41, Towson St. 6
Kentucky 33, Rutgers 26
Louisiana Tech 42, N. Illinois 21
Marshall 40, Citadel 17
Maryland 27, Wake Forest 7
Miami, Fla. 48, San Jose St. 16
Middle Tenn. 34, Morehead St. 3
Mississippi 17, Georgia 13
Murray St. 27, Tennessee St. 24
N. Carolina A&T 20, Fayetteville St. 13
S. Mississippi 16, Louisville 10
Samford 37, Tenn.-Martin 33
Southern U. 21, Jackson St. 7
Virginia 50, North Carolina 17
Virginia Union 38, Morgan St. 21
W. Kentucky 42, SW Missouri St. 33
William & Mary 13, Boston U. 10

MIDWEST
Ball St. 23, Kent St. 21
Bowling Green 27, Toledo 23
Cent. Michigan 34, W. Michigan 6
Colorado 52, Iowa St. 17
E. Illinois 21, Akron 17
Illinois 14, Purdue 2
Illinois St. 21, S. Illinois 17
Iowa 31, Wisconsin 24
Liberty 25, E. Michigan 24
Memphis St. 31, Cincinnati 17
Michigan 10, Michigan St. 7
Minnesota 20, Northwestern 18
N. Iowa 24, Indiana St. 21
Nebraska 50, Missouri 7
Ohio St. 35, Indiana 31
Ohio U. 22, Miami, Ohio 22
W. Illinois 43, Fort Hays St. 0
Youngstown St. 44, Northeastern 0

SOUTHWEST
Arkansas 45, Texas Tech 13
Arkansas St. 21, McNeese St. 16
Baylor 49, Southern Meth. 3
NE Louisiana 21, Sam Houston St. 13
Oklahoma St. 17, Kansas St. 13
SW Texas St. 24, Texas Southern 17
Stephen F.Austin 35, North Texas 16
Texas 28, Oklahoma 24
Texas A&M 17, Houston 13
Texas Christian 30, Rice 16
Texas-El Paso 26, New Mexico 7
Tulsa 34, New Mexico St. 13

FAR WEST
Arizona 42, UCLA 7
Arizona St. 17, Oregon St. 17
Brigham Young 45, Colorado St. 16
Idaho 41, Montana St. 7
Montana 40, Nevada-Reno 22
Notre Dame 41, Air Force 27
San Diego St. 30, Long Beach St. 27
Southern Cal 31, California 15
Washington 20, Oregon 14
Washington St. 31, Stanford 13
Wyoming 45, Utah 24

TENNIS

MEN'S TOURNAMENTS
(In Toulouse, France)
Quarterfinals
Horst Skoff (4), Austria, def. Martin Laurendeau, Canada, 6-3, 6-2; John McEnroe (1), U.S., def. Magnus Gustafsson, Sweden, 7-5, 6-3; Jimmy Connors (2), U.S., def. Jerome Potier, France, 6-3, 6-1; Andrei Chesnokov (3), Soviet Union, def. Christian Bergstrom, Sweden, 6-4, 6-2.
Semifinals
McEnroe def. Skoff, 6-1, 6-3; Connors def. Chesnokov, 3-6, 6-3, 6-1.
Final
Connors def McEnroe, 6-3, 6-3.

(In Sydney)
Quarterfinals
Ivan Lendl (1), Czechoslovakia, def. Thomas Hogstedt, Sweden, 6-2, 6-2; Niklas Kroon, Sweden, def. Mark Woodforde, Australia, 0-6, 7-5, 7-6 (8-6); Johan Anderson, Australia, def. Jason Stoltenberg, Australia, 6-3, 6-3; Lars Wahlgren, Sweden, def. Slobodan Zivojinovic (5), Yugoslavia, 6-3, 7-6 (7-2).
Semifinals
Lendl def. Kroon, 6-1, 6-1; Wahlgren def. Anderson, 6-3, 4-6, 6-4.
Final
Lendl def. Wahlgren, 6-2, 6-2, 6-1.

(In Hong Kong)
Quarterfinals
Stefan Edberg (1), Sweden, def. Aaron Krickstein, U.S., 5-7, 6-4, 6-3; Richey Reneberg, U.S. def. Dan Goldie, U.S., 7-5, 6-3.
Semifinals
Michael Chang (3), U.S., def. Edberg, 6-3, 6-7 (5-7), 6-3; Miloslav Mecir, Czechoslovakia, def. Reneberg, U.S., 6-2, 6-4.
Final
Mecir def. Chang, 4-6, 6-3, 6-3, 6-2.

WOMEN'S TOURNAMENTS
(In Moscow)
Quarterfinals
Gretchen Magers (3), U.S., def. Laura Golarsa, Italy, 4-6, 7-6, 6-3; Natalia Medvedeva, Soviet Union, def. Sabine Hack, West Germany, 6-4, 6-4; Natalia Zvereva (2), Soviet Union, def. Maria Strandlund, Sweden, 6-2, 6-1; Larisa Savchenko (5), Soviet Union, def. Julie Halard, France, 6-4, 6-2.
Semifinals
Zvereva def. Medvedeva, 7-5, 6-1; Magers def. Savchenko, 6-4, 3-6, 6-4.
Final
Magers def. Zvereva, 6-3, 6-4.

(In Filderstadt, West Germany)
Quarterfinals
Gabriela Sabatini (1), Argentina, def. Hana Mandlikova (6), Australia, 6-3, 6-0; Zina Garrison (2), U.S., def. Gigi Fernandez, U.S., 6-4, 6-2; Mary Joe Fernandez (5), U.S., def. Monica Seles (4), Yugoslavia, 6-4, 4-6, 7-6 (7-5); Laura Gildemeister, Peru, def. Radka Zrubakova, Czechoslovakia, 6-4, 2-6, 7-5.
Semifinals
Fernandez def. Garrison, 3-6, 6-4, 7-5; Sabatini def. Gildemeister, 6-1, 6-2.
Final
Sabatini def. Fernandez, 7-6 (7-5), 6-4.

HOCKEY

NHL Standings

WALES CONFERENCE

Patrick Division	W	L	T	Pts	GF	GA
NY Rangers	3	1	0	6	18	15
Pittsburgh	2	1	1	5	15	11
New Jersey	2	2	1	5	18	16
NY Islanders	2	2	1	5	23	21
Washington	2	2	1	5	19	18
Philadelphia	1	3	1	3	15	21
Adams Division						
Montreal	4	2	0	8	18	11
Buffalo	3	2	1	7	20	18
Boston	2	2	1	5	13	15
Hartford	2	4	0	4	21	24
Quebec	1	4	0	2	17	21

CAMPBELL CONFERENCE

Norris Division	W	L	T	Pts	GF	GA
Minnesota	4	0	1	9	20	13
St. Louis	2	2	0	4	15	15
Chicago	2	3	0	4	19	23
Detroit	2	3	0	4	21	26
Toronto	1	4	0	2	18	30
Smythe Division						
Calgary	3	1	1	7	28	21
Los Angeles	3	2	0	6	24	20
Edmonton	2	1	1	5	15	14
Vancouver	2	3	0	4	18	20
Winnipeg	2	3	0	4	16	18

FRIDAY'S RESULTS

Hartford 1 0 0—1
Buffalo 1 2 1—4
Foligno (3), Ledyard (1), Turgeon 2 (2); Verbeek (3). Shots on goal: Hartford (on Puppa) 9-9-7—25; Buffalo (on Sidorkiewicz) 9-14-7—30.

N.Y. Rangers 2 1 1—4
Washington 2 2 3—7
Leach (2), Hunter (3), Ciccarelli (1), Courtnall (3), Ridley 2 (3), Christian (1); Mallette (1), Erixon (2), Ogrodnick (4), Granato (2). Shots on goal: New York (on Beaupre) 13-8-7—28; Washington (on Vanbiesbrouck) 11-7-16—34.

Montreal 1 1 1 1—4
New Jersey 1 1 1 0—3
Gilchrist (1), Chorske (2), Lebeau 2 (2); Driver (1), Shanahan (1), Johnson (1). Shots on goal: Montreal (on Terreri) 6-8-8-2—24; New Jersey (on Hayward) 12-11-7-0—30.

Boston 0 3 0 0—3
Edmonton 2 1 0 0—3
Gelinas (1), Eriksson (2), Messier (4); Janney (3), Carter (1), Kekalainen (1). Shots on goal: Boston (on Ranford) 7-15-12-2—36; Edmonton (on Lemelin) 9-13-6-0—28.

Los Angeles 0 5 1—6
Vancouver 1 2 2—5
Taylor 2 (3), Duncanson (2), Kudelski 2 (5), Kasper (1); Adams 2 (3), Skriko (3), Lartonov 2 (3). Shots on goal: Los Angeles (on McLean) 3-11-4—18; Vancouver (on Hrudey) 14-15-5—34.

SATURDAY'S RESULTS

Philadelphia 0 1 2 0—3
N.Y. Islanders 2 1 0 0—3
Wood (2), A.Kerr (2), Flatley (3); Sullivan (1), Howe (1), Poulin (1). Shots on goal: Philadelphia (on Healy) 7-15-4-2—28; New York (on Peters) 8-8-10-2—28.

New Jersey 1 1 1—3
Hartford 0 1 1—2
Turgeon (5), Broten (1), Brown (2); Verbeek (4), Andersson (3). Shots on goal: New Jersey (on Liut) 11-10-5—26; Hartford (on Burke) 8-12-11—31.

Buffalo 1 0 1—2
Detroit 3 2 1—6
Klima (3), Kocur (2), Gallant 2 (6), Barr (1), Chabot (1); Valve (2), Turgeon (3). Shots on goal: Buffalo (on Hanlon) 10-9-5—24; Detroit (on Malarchuk, Puppa) 8-8-6—22.

Winnipeg 1 1 3—5
Toronto 0 1 0—1
Steen (3), McLlwain (4), Elliott (1), Cunneyworth (1), Elynuik (4); Leeman (3). Shots on goal: Winnipeg (on Bester) 9-8-16—33; Toronto (on Berthiaume) 7-7-11—25.

Calgary 2 1 1 0—4
Washington 1 1 2 0—4
Miller (1), Pivonka 2 (2), Houlder (1); Macinnis (2), Roberts (5), Gilmour (1), Otto (2). Shots on goal: Calgary (on Beaupre) 9-16-11-3—39; Washington (on Vernon) 12-9-8-1—30.

Montreal 0 1 0 0—1
Pittsburgh 0 0 1 1—2
Quinn (2), Hillier (1); Corson (3). Shots on goal: Montreal (on Barrasso, Young) 12-11-12-0—35; Pittsburgh (Roy) 12-14-5-1—32.

Quebec 1 0 1—2
Minnesota 1 1 1—3
Chambers (1), Bellows 2 (6); Sakic (5), Lafleur (4). Shots on goal: Quebec (on Takko) 10-5-9—24; Minnesota (on Fiset) 12-11-18—41.

Chicago 1 0 0—1
St. Louis 1 1 0—2
MacLean (3), Zezel (2); Wilson (4). Shots on goal: Chicago (on Millen) 8-6-6—20; St. Louis (on Cloutier) 8-10-3—21.

TRANSACTIONS

BASEBALL
American League
NEW YORK—Bob Quinn, vice president-general manager, resigned. Named Harding Peterson vice president-general manager.
TEXAS—Exercised option on contract of Nolan Ryan, pitcher, for 1990 season.
TORONTO—Signed Cito Gaston, manager, to one-year contract.
National League
CINCINNATI—Named Bob Quinn vice president-general manager and signed him to two-year contract.

BASKETBALL
National Basketball Association
L.A. LAKERS—Released Quintin Dailey, guard.
MILWAUKEE—Sidney Moncrief, guard, retired.
NEW JERSEY—Waived Bob Scrabis, guard.
PHILADELPHIA—Released Hank Pieterse, center.

FOOTBALL
National Football League
L.A. RAIDERS—Released Pete Koch, defensive end. Activated Bo Jackson, running back. Put Marcus Allen, running back, on injured reserve. Activated Derrick Crudup, safety, from developmental squad.
NEW ENGLAND—Signed Mike Morris, offensive lineman. Waived Howard Feggins, cornerback.
NEW ORLEANS—Signed Undra Johnson, running back. Waived James Haynes, linebacker.
N.Y. GIANTS—Signed Stacy Robinson, wide receiver. Waived LaSalle Harper, linebacker.
N.Y. JETS—Activated Sanley Beach, wide receiver, and Jeff Oliver, guard, from developmental squad. Put Mike Withycombe, tackle, and Michael Mitchell, cornerback, on injured reserve.
PITTSBURGH—Activated Rick Strom, quarterback, from developmental squad. Waived Mike Hinnant, tackle. Signed Harry Newsome, punter.
TAMPA BAY—Re-signed Kerwin Bell, quarterback. Waived Everett Gay, wide receiver.

SOCCER

DUTCH FIRST DIVISION
PSV Eindhoven 8, MVV Maastricht 1
FC Groningen 1, Willem II 1
Haarlem 0, Roda JC 0
Feyenoord 2, NEC Nijmegen 1
Fortuna Sittard 0, Ajax 0
Utrecht 2, Den Haag 1
Volendam 2, Sparta Rotterdam 0
Waalwijk RKC 0, FC Twente 0
Vitesse Arnhem 0, Den Bosch 0
Standings: PSV, Roda JC 14; RKC 13; FC Utrecht, Fortuna Sittard 12; Ajax, FC Twente, Volendam 11; MVV, Vitesse 10; FC Groningen, Willem II 9; FC Den Haag, Sparta, Feyenoord, NEC 7; Haarlem, BVV Den Bosch 6.

ENGLISH FIRST DIVISION
Arsenal 4, Manchester City 0
Charlton 1, Tottenham 3
Coventry 0, Nottingham Forest 2
Derby 3, Crystal Palace 1
Everton 2, Millwall 1
Luton 0, Aston Villa 1
Manchester United 0, Sheffield Wednesday 0
Norwich 2, Chelsea 0
Queens Park Rangers 1, Southampton 4
Wimbledon 1, Liverpool 2
Standings: Liverpool 18; Arsenal, Norwich 17; Everton 16; Chelsea, Southampton 15, Millwall 14; Coventry 13; Nottingham Forest, Aston Villa 12; Derby, Tottenham, Crystal Palace 11; Manchester City 10; Queens Park Rangers, Luton 9; Manchester United, Wimbledon 8; Charlton, Sheffield Wednesday 6.

FRENCH FIRST DIVISION
Lyon 0, Monaco 2
Nantes 1, Brest 0
Toulouse 2, Caen 1
Nice 1, St Etienne 3
Metz 2, Sochaux 0
Montpellier 3, Toulon 0
Racing Paris 2, Lille 0
Mulhouse 1, Paris St Germain 0
Auxerre 1, Bordeaux 1
Marseille 1, Cannes 1
Standings: Bordeaux 21; Marseille 19; Toulouse, Sochaux 18; Paris St Germain 16; Nantes, Monaco 15; Mulhouse, Montpellier, Metz, St Etienne, Racing Paris, Lyon, Toulon 13; Auxerre, Caen 12; Cannes, Nice, Lille 11; Brest 8.

SPANISH FIRST DIVISION
Athletic Bilbao 1, Valencia 1
FC Sevilla 1, Cadiz 1
Real Zaragoza 2, Sporting Gijon 1
Real Madrid 4, Malaga 0
Barcelona 7, Rayo Vallecano 1
Valladolid 2, Atletico Madrid 0
Real Mallorca 0, Real Sociedad 0
Castellon 0, Tenerife 0
Osasuna Pamplona 3, Logrones 0
Oviedo 1, Celta Vigo 0

WEST GERMAN FIRST DIVISION
FC Homburg 2, SV Waldhof Mannheim 1
Bayern Munich 2, Fortuna Duesseldorf 1
FC Nuremberg 1, Eintracht Frankfurt 1
Bayer Leverkusen 1, FC Kaiserslautern 1
Karlsruher SC 0, FC Cologne 0
FC St. Pauli 1, Bayer Uerdingen 1
Werder Bremen 6, Stuttgart 1
VfL Bochum 1, Borussia Dortmund 0
Hamburger SV 3, Borussia Moenchengladbach 1
Standings: Bayern Munich, Cologne 19; Bayer Leverkusen 18; Nuremberg, Eintracht Frankfurt, VfB Stuttgart 15; Borussia Dortmund 14; Homburg, Waldhof Mannheim 13; Werder Bremen, Homburg 12; Bayer Uerdingen, Borussia Moenchengladbach 11; Kaiserslautern, Bochum, St Pauli 10; Duesseldorf 9; Karlsruhe 8.

INTERNATIONAL FRIENDLY
Italy 0, Brazil 1

Jonathan Drake/Reuters

Michael Chang challenging a line call in his semifinal match.

Connors Sweeps McEnroe; Mecir Wins in Hong Kong

Compiled by Our Staff From Dispatches

TOULOUSE, France — Jimmy Connors won his 108th professional title Sunday by defeating John McEnroe, 6-3, 6-3, in the $255,000 Toulouse Grand Prix tournament.

It was the 33d time that Connors and McEnroe met in a series that began in 1977. McEnore leads the series, 19 games to 14.

In the first set, Connors broke ahead, 3-1, helped by two unforced errors by McEnroe but also a deep approach shot that landed in the corner and a passing shot.

In the second set, McEnroe took a 2-0 lead when Connors made three unforced errors and was forced into another.

But Connors came back and broke McEnroe in the next game. (See Scoreboard)

• In Moscow, Gretchen Magers of the United States won the Soviet Union's first professional tennis tournament by stopping Natalia Zvereva, 6-3, 6-4, on Sunday.

Magers was down 3-1 in the opening set, but ripped off the next five games to take the set.

• In Hong Kong on Sunday, Miloslav Mecir of Czechoslovakia outplayed third-seeded Michael Chang of the United States, 4-6, 6-3, 6-3, 6-2, to retain his Marlboro Tennis Championship title.

Chang started the match strongly, breaking Mecir in the third game and taking the first set. But Mecir broke Chang in the eighth game and took the second set. Mecir wrapped up the third set with two service breaks.

• In Filderstadt, West Germany, Gabriela Sabatini of Argentina took an hour and 45 minutes to win the Women's International Tennis tournament with a 7-6 (7-5), 6-4 triumph Sunday over Mary Joe Fernandez of the United States.

• In Sydney, Ivanl Lendl of Czechoslovakia, the No. 1 player in the world, crushed Lars Wahlgren of Sweden, 6-2, 6-2, 6-1, to earn his third Australian Indoor title.

(AP, Reuters)

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POSTCARD

How to Pan for Gold In Vermont's Mad River

New York Times Service

MIDDLESEX, Vermont — Robert Newhall, all 6 feet 6 inches of him, is standing calf-deep in the Mad River, his huge frame folded in half as he swirls a pan underwater.

To the uninitiated, Newhall might seem to be doing his dishes. In fact, he is demonstrating the proper way to pan gold.

The motion is deceptively simple, taking advantage of the fact that gold is the heaviest substance found in the river bed. He has loaded his pan with clumps of mud and moss dug from crevices along the bank where the river is most likely to deposit specks of gold as it rushes down from the mountains.

Newhall begins with a broad whirling motion, always keeping the pan underwater. The spinning action lifts the mud up and out, momentarily clouding the rushing stream. He picks up the largest rocks, flips them and whirls the pan some more, talking all the while to a class of nine students eager to learn his secrets.

"When you work a hole, make sure you work it to the bottom," he tells them. "Gold is heavy. It'll settle down close to the bedrock. I usually look for the inside bend of a river where the current is less strong."

He changes to a one-handed motion, jiggling the pan gently, dribbling sand and gravel out the front. When the job is done, only a small pile of black sand, a half-dozen tiny flakes of gold and, this time, two BBs are in the bottom of the pan.

"If you're doing it right, the two BBs will be left," he said. "If you're doing it wrong, they'll be gone. And I'll know, because you'll have to ask me for more."

Newhall, 40, learned to pan from his mother, who learned from a prospector in California. When he was a child, his interest in gold was sparked when he found a letter from a long-dead relative about panning under a bridge along the Mad River.

"I had the gold fever the first year," he recalled. "I remember walking up a rock face in early winter. The water was freezing under my feet. Finally, I couldn't move. I said to myself, 'What are you *doing*?' You have to look at this as a recreational activity for good weather. Let's face it, you're probably not going to get rich anyway."

Peter Brook: Of Truth, Politics and Art

International Herald Tribune

MARY BLUME

PARIS — Since his first Paris production, "The Tempest," which was interrupted by the *événements* of 1968, Peter Brook and his company have put on more than a dozen productions, ranging from "The Ik," based on the anthropologist Colin Turnbull's searing account of the destruction of a Ugandan tribe, to a radiant "Cherry Orchard"; from an intimate curtain-raiser called "The Bone" to the tremendous "Mahabharata," a nine-hour adaptation of the 18-volume Indian epic.

There is a strong, if invisible, link between his productions, Brook says. "For me, everything goes in a straight line but I don't expect anyone else to see it. Every second of the day, each of us has an enormous number of choices to make. Each production we did could have been something different, and yet after the event I can see the link."

Brook's film version of "The Mahabharata," recently shown at the Venice film festival, is now starting its television and movie house career, shaved down to a choice of 5½-hour and 2½ hour versions. Cutting, he says, was not all that difficult since in India the epic is also printed in perfectly seemly shortened versions. "There is one comic book which I have seen where in six pages they give the whole of 'The Mahabharata' and do it very well. Amazing!"

He hopes, of course, that audiences will opt for the longer version. "People who see only the short version get something very intense, they get a very good first taste. The simple rule applies — the more you give the more you get in exchange. If instead of two hours thirty, you give five and a half, you'll get back twice as much."

Brook is off to New Delhi to show the long version to Prime Minister Rajiv Gandhi and to conduct workshops, after which he starts work on two new productions: another "Tempest" and an adaptation of "The Man Who Mistook His Wife for a Hat" by the neurologist Oliver Sacks. Both will be translated into French by Jean-Claude Carrière.

"We're going back to our old policy, which is to do something that is high quality but predictable material so you don't have the unknown factor of can we get this into shape — there is a play that exists, 'The Tempest' — and one that is totally unpredictable because the material is marvelous but it's like 'The Ik' years ago, it could take a million theatrical shapes and one can only arrive at the right one by the work itself."

More immediately, Brook's Centre Internationale de Créations Théâtrales at the Bouffes du Nord is acting as host to a season of South African theater as part of the annual Festival d'Automne. The season begins with six concerts of South African music from Oct. 16, moves on to the well-traveled musical "Sarafina!" (from Oct. 28) with two Brook actors on the sidelines as translators, and then to "Woza Albert!" from Nov. 28. "Woza Albert!" is a two-man fable which will be played by francophone Africans in an adaptation by Carrière.

The plays, which come from the South African townships, are what Brook described in his book "The Empty Space" as "the Rough Theater."

"It is the theater of people who have no other means but their own spirit, their own vitality and whatever comes to hand," he says. "It can be wherever a group of people can be assembled and another group wishes to excite them and capture their imagination."

"Sarafina!" has played successfully and untranslated on Broadway and in Europe as a teen-age musical set in Morris Isaacson High School, the site of student protests during the Soweto uprising of 1976. Widely praised for its spirited dancing and singing, the play needs sideline translators, Brook says, in order to bring out its true sense. "Otherwise it will be seen only from its joyful side, kids doing a marvelous musical. If one comes out of it just saying what a marvelous show, one's betrayed it completely because its purpose is to express something deeply tragic in a joyful way."

"Sarafina!" was written and directed by Mbongeni Ngema, whom Brook describes as one of the exceptional theater people of our time. Ngema also co-wrote and co-starred in the original production of "Woza Albert!," which was filmed by the BBC in 1981 and played last season in New York in a mixture of English, Afrikaans and Zulu. The thought of Brook restaging it with francophone-African actors who cannot even go to South Africa might offend purists, but he argues that this is the best way of transmitting the play's meaning.

"The way it's written and the way the South African actors played it is of such virtuosity that if you don't understand it you'll enjoy it as a piece of theater style. That obviously is not their purpose, that should come second or third. Then we thought of doing what we always do here, which is to make everything understandable. So why not do it in French?

"One of the vocations of our international center from the start has been to say that in literary terms the word translation has existed and become honorable since the first attempts to translate the Greeks and the Bible. Translations have become understood to be a difficult but not impossible task."

"Woza Albert!" is set outside the Pass Office on Albert Street in Johannesburg, where black laborers wait endlessly for work permits and jobs. Brook describes the play as an ironic dream.

"The ironic dream is that in the South African townships, where life is completely unhappy and where they are living permanently in a way no human beings should be kept, they are also living in a country that does everything, the worst extremes, in the name of Christ." The story concerns the return of Christ to South Africa and His treatment under apartheid.

Brook is well aware of the risk of diffusing the urgency of Rough Theater by taking it out of its setting and making it into a cultural event.

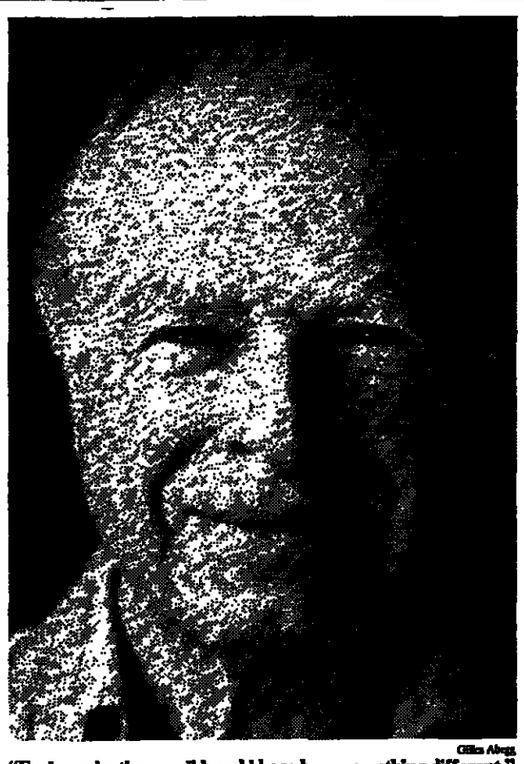
"One has to be careful about giving culture as such any absolute value. I am convinced that we pay too much attention to culture as an end result in itself. It's purely a means. The moment when one listens to the cry and it becomes a cultural object, something dangerous happens. Losing sight of the initial impulse in appreciating the final result — it's better not to have the culture than the causes that make it."

Brook has done productions on political themes — notably "US," about the Vietnam war — but he is wary of what is called political theater.

"What is called political theater is usually theater carrying a political message, and I think no political message can be the truth. Politics are about adjustment, any politician who goes beyond what's possible is thrown out. A solution that a politician proposes can't be the ultimate truth, it can only be a compromise, while the theater's job, however much it fails, is always within a situation to try to reveal what is most difficult to reveal, which is as many aspects of the truth as possible."

True political theater, Brook says, brings contradictions alive. In the case of South Africa, where there are contradictions inside the black movement, contradictions among the whites, the fundamental issue, where the truth lies, is in the suffering. The theater's job is to let that live in an unsentimental, unexploited way, let it live genuinely, visible and tangibly in another country, another place.

"Political theater which begins to draw out the blueprint of a solution is bad theater and bad politics. All one can make is the broad statement: This must end. That isn't a political statement, that is a statement of tragedy."



Gilles Abegg

"Each production we did could have been something different."

LANGUAGE

Debasing the Summit

By William Safire

WASHINGTON — The *summit* used to be way up there, at the top, the peak, the zenith. From the Latin *summus*, "highest," the word offered a view that was breathtaking.

Winston Churchill was displeased in 1950 at what his friend Bernard Baruch called *the Cold War* (coinage claimed by Walter Lippmann but actually made by the Baruch speechwriter Herbert Bayard Swope). The British statesman recalled the cordial wartime meetings he had with Roosevelt and Stalin, and called for a "parley at the summit." Such a top-level meeting of a few leaders, he said, would better bridge the international gap than a gathering of "hordes of experts and officials drawn up in a vast cumbrous array."

So started *summit* in diplolingo, followed in the late 1950s by *summitry* (on the analogy of *telemetry*) and *summiteer* (on the analogy of *pamphleteer* and *profiteer*). For more than a generation, this coinage and its derivatives held the definition to a meeting at the very top; with currency, however, the Churchillian coin has been debased.

President Bush has just met with the nation's governors for what was billed as an *education summit;* schoolchildren from Gorki held what Tass designated a *youth summit;* last year, President Reagan and congressional leaders held hands at what was labeled an *economic summit* to reduce the deficit; then delegations from New York and New Jersey met at the World Trade Center in Manhattan for what they insisted was a *regional economic summit.*

If a bunch of guys from neighboring states can call their subway series a *summit,* anything goes: Conservationists in conclave call their motel brunch an *environmental summit.*

We are reaching the point where you can hold a summit of nobodies in the basement. (*Basements,* by the way, have disappeared, along with *cellars;* these glitzy temples are now *lower levels, ground floors* and *underground colonnades.*) With the zing gone out of a parley at the summit, what's a poor Sherpa to do?

Apex sounds like a foaming cleanser; *apogee* is too often confused with *apology* and *acme* with *acne; crest* is toothpaste and *zenith* a laptop; *crown* is too royal; *vertex* would be good, the highest point (which is properly the turning point), but it would get spun into the middle of vortex. *Big Two* would offend multipolar bears and be derided as *Big Toe. Pinnacle* sounds too much like a card game.

How can the language cope with the lowering of *summit?* Same way, I suppose, that it did with the diminution of *stars* and *great powers:* We now speak of *superstars* and *superpowers.*

Accused by Moscow, and by some American political figures, of failing to respond adequately to Soviet arms-reduction overtures, President Bush protested with a revealing figure of speech: "I think our handling of the Soviet account is pretty good."

Bush never served as an account executive in an advertising agency. He did, however, serve as director of central intelligence, and from that experience drew his *Soviet account* trope.

People who work for the Central Intelligence Agency refer to the organization as *the Agency,* or *Langley,* the Virginia town in which its headquarters are said to be situated, or *the Company.*

Daniel Schorr, when staking out the home of James Jesus Angleton for CBS in 1974, was invited inside by the counterintelligence chief. The orchid-growing counterspymaster, known within the Company as "Mother," picked up a phone during his interview and said, "Shalom," the Hebrew greeting meaning "peace." When the correspondent asked him why he had used that word, Angleton replied, "I have for a long time handled the Israeli account."

Did this use of *account* stem from *the Company?* I checked with Richard Helms, a former director of central intelligence, who was present at the creation of much spookspeak; he admits that connection may exist, but thinks that the sense of *account* to mean "assignment" came from advertising and may have been brought to intelligence by a former adman. "I used to be an ad salesman myself," he added, "for Scripps Howard."

The term *account,* meaning "area of responsibility," has evidently stuck in the president's mind. We tend to forget he was once a spook, and that the old lingo lingers to pop up later in life.

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